

### **REMARKS**

Claims 1-6 stand rejected under 35 U.S.C. §103 over Goldhaber (U.S. 5,794,210). These rejections are respectfully traversed.

### **Information Disclosure Statement**

Applicants respectfully disagree with the suggestion that a large number of references was cited in the October 17, 2006 IDS to hide pertinent art from the Examiner. To the contrary, the documents provided by Applicants relate to a litigation that involved a patent and a reissue application of that patent, which is in the same family as the present application. *See* U.S. patent application S/N 09/577,798 (reissue of U.S. Pat. No. 5,948,061) (“Reissue Application”). The same litigation documents were submitted to the Office in connection with the Reissue Application. In an attempt to alleviate the Office’s burden in reviewing the litigation documents, the IDS provided a summary of the general issues raised during the litigation, and offered additional specific guidance through the disclosed documents. *See* Information Disclosure Statement filed October 17, 2006, p. 3-5. It is respectfully noted that Applicants have no burden to provide the identification of “most pertinent prior art” from the IDS or to explain differences between any cited art and the claimed invention.<sup>1</sup>

Nevertheless, in an effort to assist the Examiner, Applicants enclose herewith courtesy copies of the appeal briefs and 2 Office Actions from the above-referenced Reissue Application, and provide below a brief summary of the issues raised in that appeal (the appeal is still pending). In the Reissue Application, the Office rejected the claims based on its view of the litigation documents, and the issues (and litigation documents) were extensively discussed in the appeal briefs. The enclosed briefs/office actions from the Reissue Application are as follows:

- Exhibit A: Final Rejection dated 10/28/2002 and prior non-final rejection dated 10/24/2001;

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<sup>1</sup> It is also respectfully noted that the IDS complies with at least the minimum requirements of 37 C.F.R. §§ 1.97 and 1.98 and, therefore, the Examiner has an obligation to consider the information submitted with the IDS in the same manner as other documents resulting from the Office Search files. *See* M.P.E.P. §609. Since the Examiner has initialed each reference, Applicants presume that the references have been considered to this extent.

- Exhibit B: Appeal Brief dated 9/29/2003 (“Appeal Brief”);
- Exhibit C: Examiner’s Answer dated 2/11/2004 (“Examiner’s Answer”); and
- Exhibit D: Reply Brief dated 4/12/2004 (“Reply brief”).

In the Final Rejection, the Office maintained three of the bases previously made for rejecting the claims. First, the Office rejected certain claims in the Reissue Application based on U.S. Patent No. 5,740,549 to Reilly (“Reilly”). Second, the Office rejected all of the claims in the Reissue Application based on an alleged sale of the claimed invention more than one year prior to the filing date of the application that eventually matured into the ‘061 patent (which is the subject of the Reissue Application). In making this rejection, the Office relied upon certain of the litigation documents, including a two-page letter from Kevin O’Connor to Chris Buckingham dated October 30, 1995 (which referred to a prior telephone call between the individuals). *See* Final Rejection 10-28-02, pages 6-8; Office Action 10-24-01, page 16. Third, the Office rejected all of the claims in the Reissue Application based on an advertising system known as FocaLink (“FocaLink”). In making this rejection, the Office relied upon certain of the litigation documents. *See* Final Rejection 10-28-02, pages 8-10; Office Action 10-24-01, pages 17-18.

In the Appeal Brief, applicants argued that the claims were not anticipated by either Reilly (*see* Appeal Brief, pages 5-7) or FocaLink (*see* Appeal Brief, pages 7-8). Applicants further argued that the claimed invention was not on sale more than one year prior to the filing date, because (1) no commercial offer for sale was made prior to the critical date, (2) the invention was not ready for patenting prior to the critical date, and (3) experimental use negates the on-sale bar. *See* Appeal Brief, pages 8-22.

In the Examiner’s Answer, the Office withdrew the rejection based on Reilly, but maintained the rejections based on FocaLink (*see* Examiner’s Answer, pages 5-7) and the alleged on-sale bar (*see* Examiner’s Answer, pages 8-49). Pages 3-4 of the Examiner’s Answer lists litigation documents relied upon by the Office in making the arguments.

In the Reply Brief, Applicants responded to the arguments made by the Office in the Examiner's Answer, addressing the issues of FocaLink (*see* Reply Brief, pages 2-7) and the alleged on-sale bar (*see* Reply Brief, pages 7-25).

The Examiner is encouraged to review the Reissue Application or any of the other related patent applications that have previously been identified to the Office. The Examiner is invited to contact Applicants' representative for any assistance needed in identifying the respective litigation documents relied upon in the Reissue Application.

### **35 U.S.C. §103 Rejections**

In rejecting independent claim 1, the Office Action asserts that Goldhaber discloses "basing the advertisement request on a link on a content request from said user." However, this analysis ignores terms present in the claim.

All words in a claim must be considered in judging the patentability of that claim against the prior art. M.P.E.P. §2143.03 (citing *In re Wilson*, 424 F.2d 1382, 1385, 165 USPQ 494, 496 (CCPA 1970)). Independent claim 1 recites, in relevant part, an advertisement request based upon a link **sent from an affiliate node to a user node** in response to **a content request sent from said user node to said affiliate node**. The Office Action fails to identify where, if at all, Goldhaber discloses or suggests an affiliate node. Therefore, a *prima facie* case of obviousness has not been established.

Although Applicants have no further burden to rebut the rejection of claim 1, it is respectfully noted that Goldhaber's system is designed to send advertising **directly** to consumers. *See, e.g.*, col. 5:32-62, 7:27-61, 11:49-12:37. Such a configuration omits any role for an "affiliate" in presenting advertising to the user. It is further noted that claim terms should be given the broadest reasonable interpretation that is consistent with both the specification and the meaning that would be understood by one of skill in the art. M.P.E.P. §2111, 2111.01, Part III. The present application describes "affiliates" and their operation in the claimed system at least at paragraphs 0015-17 and Figure 1. Goldhaber fails to disclose or suggest a link from an affiliate node to a user node, and a content request from a user node to an affiliate node. For at least this reason, claim 1 is not obvious over the cited art.

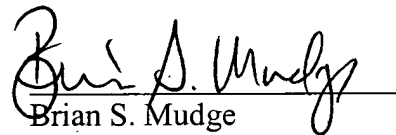
Claims 2-6 are allowable for at least the same reasons as claim 1, and the rejections of all pending claims should be withdrawn.

**Conclusion**

Based on the above remarks, Applicants believe the claims are in condition for allowance. The Commissioner is authorized to charge any fees or credit any overpayment to the deposit account of Kenyon & Kenyon LLP, Deposit Account No. 11-0600.

The Examiner is invited to contact the undersigned to discuss any matter concerning this application.

Respectfully submitted,

  
Brian S. Mudge  
Reg. No. 40,738

Date: May 2, 2008

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# **Exhibit**

# **A**



**UNITED STATES DEPARTMENT OF COMMERCE**

**United States Patent and Trademark Office**

Address: COMMISSIONER OF PATENTS AND TRADEMARKS  
Washington, D.C. 20231

APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.
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09/577,798 05/24/00 MERRIMAN

D 11032/5

TM02/1024

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EXAMINER

HARLE, J

ART UNIT

PAPER NUMBER

2167

DATE MAILED: 10/24/01

Please find below and/or attached an Office communication concerning this application or proceeding.

Commissioner of Patents and Trademarks

RECEIVED  
KENYON & KENYON  
ONE BROADWAY  
NEW YORK, N.Y.  
NOV 1 4 37 PM '01

<b>Office Action Summary</b>	Application No. 09/577,798	Applicant(s) MERRIMAN ET AL.	
	Examiner Jennifer I. Harle	Art Unit 2166	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

### Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).
- Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

### Status

- 1) ☒ Responsive to communication(s) filed on 24 July 2001.
- 2a) ☐ This action is **FINAL**.                      2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

### Disposition of Claims

- 4) ☒ Claim(s) 1-57 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-57 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

### Application Papers

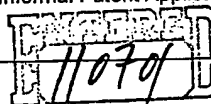
- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
- 11) ☐ The proposed drawing correction filed on \_\_\_\_\_ is: a) ☐ approved b) ☐ disapproved by the Examiner.  
If approved, corrected drawings are required in reply to this Office action.
- 12) ☐ The oath or declaration is objected to by the Examiner.

### Priority under 35 U.S.C. §§ 119 and 120

- 13) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).  
a) ☐ All b) ☐ Some \* c) ☐ None of:  
1. ☐ Certified copies of the priority documents have been received.  
2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.  
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).  
\* See the attached detailed Office action for a list of the certified copies not received.
- 14) ☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. § 119(e) (to a provisional application).  
a) ☐ The translation of the foreign language provisional application has been received.
- 15) ☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. §§ 120 and/or 121.

### Attachment(s)

- 1) ☒ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☒ Information Disclosure Statement(s) (PTO-1449) Paper No(s) 10-12
- 4) ☐ Interview Summary (PTO-413) Paper No(s). \_\_\_\_\_
- 5) ☐ Notice of Informal Patent Application (PTO-152)
- 6) ☐ Other:





### **DETAILED ACTION**

Applicant has amended claims 1, 7, 13, 16, 20, 23, 32 and 51-55. No claims have been cancelled. Claims 1-57 are rejected.

#### ***Interview Summary***

1. In response to Applicant's comments to the Interview Summary, examiner respectfully submits that applicant was made aware that filings submitted after the telephone interview would not be considered until the next action on the merits as stated in the interview summary.

#### ***Extensions of Time***

2. Due to Applicant's filing of the Notification Regarding the Settlement/Dismissal of Litigation, extensions of time will now be permitted.

#### ***Requirement for Information Under 37 C.F.R. 105***

3. The examiner notes the Declarations filed by Dwight Merriman and Kevin O'Connor under 37 C.F.R. 1.132 and the additional filing of the Declaration of Dwight Merriman under 37 C.F.R. 1.131. The examiner would like to request the following additional information:
  1. Who are the "others" to whom Merriman is referring the business plan was shown prior to May 1996 and on what dates was it shown to them? (paragraph 4 Merriman 1.131 Declaration)
  2. On what date was the system tested on the live web site tested? (paragraph 6 (Merriman 1.131 Declaration)
  3. What was ISS's role in IAN or IAF prior to the summer of 1995?

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4. What was the substance of Kevin O'Connor's conversation with Chris Buckingham and when exactly did it occur, what type of proposal was Chris Buckingham seeking, i.e. investment or services? (paragraph 24, O'Connor declaration)

***Oath/Declaration***

4. The examiner notes applicant's clarification of the error and traversal of the rejection of the declaration. However, the traversal on the grounds that the two words advertisement selection somehow explain identify an error and not a reiteration as discussed previously is not persuasive. As such, the rejection of claims 1-50 under the original declaration is maintained until applicant sets forth the error in the declaration and not in the amendment.
5. A Supplemental Declaration is required covering any claims amended after the original declaration specifying how the changes to the claims corrects the errors in the original patent.

Thus, claims 1-57 are rejected as being based upon a defective reissue declaration under 35 U.S.C. 251. See 37 C.F.R. 1.175.

***Double Patenting***

6. Applicant has not traversed the double patenting rejection set forth in the previous office action. Applicant has not distinguished his claims over the co-pending applications. Claims 51-57 are very similar although broader versions of claims 2, 8, 17, 24, 33, 38 and 46, respectively. However, they are more similar in scope and language to those to which the double patenting rejection was

originally applied. Therefore claims 51-57 are incorporated into the double patenting rejection and the rejection is maintained.

***Response to Amendment***

7. The declaration filed on December 12, 1998 under 37 CFR 1.131 has been considered but is ineffective to overcome the Kohda reference for the following reasons:

a) The declaration was not signed by all of the inventors of the subject matter claimed. (See paragraph 3 of the Declaration of Dwight Allen Merriman Under 37 C.F.R. 1.131) 37 C.F.R. 131(a) and M.P.E.P. 715.04 (a).

b) While applicant appears to set forth some facts to show that some parts of the invention were conceived and reduced to practice, these statements appear to be more of a general allegation that the invention was completed prior to the date of the reference. (Paragraphs 4 and 5 of the Merriman Declaration). Such a declaration by the inventor to the effect that his or her invention was conceived or reduced to practice prior to the reference date, without a statement of facts demonstrating the correctness of this conclusion, is insufficient to satisfy 37 CFR 1.131. M.P.E.P. 715.07. The business plan relied upon fails to set forth, for example, all the characteristics relied upon for each node, nor does the business plan set forth the manner in which the links work as claimed or that the ad may not be displayed at the user node only that it be "displayable". Applicant must give a clear explanation of the exhibits pointing out exactly what facts are established and relied on by applicant. 505 F.2d at 718-19, 184

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USPQ at 33. See also *In re Harry*, 333 F.2d 920, 142 USPQ 164 (CCPA 1964) (Affidavit “asserts that facts exist but does not tell what they are or when they occurred.”).

c) The evidence submitted is insufficient to establish diligence from a date prior to the date of reduction to practice of the Kohda reference to either a constructive reduction to practice or an actual reduction to practice. There is no discussion whatsoever of diligence by the inventors, merely an allegation that the invention was reduced to practice “a few months after the business plan was shown to others.”

Thus, Applicant has failed to established a showing of facts such, in character and weight, as to establish reduction to practice prior to the effective date of the reference, or conception of the invention prior to the effective date of the reference coupled with due diligence from prior to said date to a subsequent reduction to practice or to the filing of the application. Original exhibits of drawings or records, or photocopies thereof, must accompany and form part of the affidavit or declaration or their absence satisfactorily explained. See 37 CFR 1.131 (b) Affidavit or declaration of prior invention to overcome cited patent or publication.

Therefore, Kohda, Wexler, and Angles are not removed as prior art as requested by Applicant at this point in prosecution and the rejections under those references are maintained. For applicant's convenience, the examiner has set forth the previously rejected claims as amended. It is noted that the amendments did not change the meaning of the claims nor their interpretation under either 102 or 103.

***Claim Rejections - 35 USC § 102***

The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(a) the invention was known or used by others in this country, or patented or described in a printed publication in this or a foreign country, before the invention thereof by the applicant for a patent.

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of application for patent in the United States.

(e) the invention was described in a patent granted on an application for patent by another filed in the United States before the invention thereof by the applicant for patent, or on an international application by another who has fulfilled the requirements of paragraphs (1), (2), and (4) of section 371(c) of this title before the invention thereof by the applicant for patent.

8. Claims 1, 3, 7, 9 and 13 are rejected under 35 U.S.C. 102(a) as being anticipated by Kohda, et al. "Ubiquitous advertising on the WWW: Merging advertisement on the browser" (May 1996) (reference cited by Applicant).

As per claim 1, Kohda, et al. teaches a network supporting the hypertext transfer protocol comprising:

a user node having a browser program coupled to said network (Fig. 2), said user node providing request for information on said network (pg. 1495, col. 1, fourth paragraph);

a content provider node having a respective affiliate web site (Fig. 2 – Ordinary Web server and web page) responsive to requests for information from said user node to provide media content and advertising space for display of advertising content and a link message to said user node (Fig. 2);

an advertiser node having an advertiser web site including advertising content (Fig.2; pg. 1494, col. 2, first full paragraph); said advertiser node responsive to a request to provide said advertising content (pg. 1495, col. 1, Section 2.2); and an

advertisement server node storing information about said user node, said advertisement server node being responsive to a request from said user node based on said link message to select an advertiser node as a selected advertiser node based upon information stored about said user node at said advertisement server node, and identify said advertiser node as said selected advertiser node to said user node (Fig. 2 Advertiser's Web server and an advertisement web page; pg. 1495, cols. 1-2, Sections 2.2 and 2.3, and pp. 1497-98, Section 3.2); and

whereby said advertising content from said selected advertiser node is displayable at said user node (pg. 1495, col. 1, Section 2.2).

As per claim 7, it is rejected under the same rationale as for claim 1 above. Claim 7 differs from Claim 1, if at all, in that it includes a "plurality of advertiser nodes." Kohda, et al. teaches a plurality of advertiser nodes (Fig. 2).

Claim 13 is rejected for the same reasons as set forth in claims 1 and 7.

9. Claims 1, 5-7, 11, 13-14, 16, 20, 23, 27, 29-32, 39-40, 42-43, 45 and 49-50 are rejected under 35 U.S.C. 102(e) as being anticipated by Wexler, U.S. Patent No. 5,960,409.

As per claim 1, Wexler teaches a network supporting a hypertext transfer protocol comprising:

a user node having a browser program coupled to said network, said user node providing request for information on said network (Col. 2, lines 43-46);

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a content provider node having a content provider web site responsive to requests for information from said user node to provide media content and advertising space for display of advertising content (Col. 3, lines 36-44; Col. 4, lines 28-36);

an advertiser node having an advertiser web site including advertising content, said advertiser node responsive to a request to provide said advertising content (Col. 5, lines 1-23); and an advertisement server node storing information about said user node, said advertisement server node being responsive to a request from said user node based on said link message to select an advertiser node as a selected advertiser node based upon the information stored about said user node at said advertisement server node and identify said advertiser node as said selected advertiser node as said selected advertiser node to said user node (col. 4, lines 37-67); and

whereby said advertising content from said selected advertiser node is displayable at said user node (Col. 4, lines 4-7).

As per claim 7, it is rejected under the same rationale as for claim 1 above. Claim 7 differs from Claim 1, if at all, in that it includes a "plurality of advertiser nodes." Wexler teaches a plurality of advertiser nodes (Col. 5, lines 25-65).

Claim 13 is rejected for the same reasons as set forth in claims 1 and 7.

As per claim 16, Wexler teaches an advertisement server node selecting an advertising banner and the advertiser node being responsive to a request from the user node to identify a direct advertiser web site corresponding to the advertising banner (Col. 4, lines 54-67; Col. 5, lines 1-13; Col. 5, lines 36-43). Wexler also teaches that the advertiser node has a direct advertiser web site including direct advertising content

corresponding to said advertising banner, the advertiser node responsive to a request from the user node to provide the direct advertising content corresponding to the selection of the advertising banner by the user, the advertiser node providing a feedback signal to the advertisement server node representing user transactions at the advertiser node (Cols. 4-5, lines 54-13).

As per claim 20, Wexler discloses a network in accordance with claim 16, wherein said advertisement server node is responsive to a request from said user node to identify an advertiser web site corresponding to said advertising banner (in the prior art, users can click through an ad banner to obtain additional information about the advertiser – disclosed in Description of the Prior Art; Wexler, cols. 4-5, lines 54-13); and further including

an advertiser node having an advertiser web site including advertising content corresponding to said advertising banner, said advertiser node responsive to a request to provide said advertising content corresponding to the selection of said advertising banner by a user (in the prior art, each advertiser typically maintains a web site including advertising content about their products and services which corresponds to the ad banners displayed on content web sites – disclosed in Description of the Prior Art; Wexler, cols. 4-5, lines 54-13 and col. 5, lines 36-43),

whereby said advertising content from said advertiser node is displayed at said user node (once the advertiser's URL address is returned from the ad server to the user's browser, the user's browser would be redirected to the advertiser's web page,



and advertising content from that page would be displayed on the user's computer –  
Description of the Prior Art; Wexler, cols. 4-5, lines 54-13 and col. 5, lines 36-43).

As per claim 23, it is rejected for the same reasons set forth in claim 16.

As per claim 32 it is rejected for the same reasons set forth in claims 16 and 20.

10. Claims 1, 3-7, 9-16, 18-23, 25-32, 34-37, 39-40, 42-45, and 47-50 are rejected  
under 35 U.S.C. 102(e) as being anticipated by Angeles, et al., U.S. Patent No.  
5,933,811.

As per claim 1, Angeles teaches a network supporting a hypertext transfer  
protocol comprising:

a user node having a browser program coupled to said network, said user node  
providing request for information on said network (Abstract; col. 1, lines 45-55; cols. 5-6,  
lines 62-3; col. 8, lines 38-46; col. 10, lines 43-54);

a content provider node having a content provider web site responsive to  
requests for information from said user node to provide media content and advertising  
space for display of direct advertising content (Col. 2, lines 54-58 and lines 63-66; Col.  
3, lines 41-65; col. 7, lines 53-60; col. 12, lines 13-35);

an advertiser node responsive to a request to provide said advertising content,  
said advertiser node responsive to a request to provide said advertising content (Col. 4,  
lines 6-16); and an advertisement server node storing information about said user node,  
said advertisement server node being responsive to a request from said user node  
based on said link message to select an advertiser node as a selected advertiser node  
based upon the information stored about said user node at said advertisement server

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node and identify said advertiser node as said selected advertiser node as said selected advertiser node to said user node (col. 7, lines 63-65; col. 8, lines 55-65, cols. 14-15, lines 59-31); and

whereby said advertising content from said selected advertiser node is displayed at said user node (Cols. 2-3, lines 66-2; col. 8, lines 62-65).

As per claim 7, it is rejected under the same rationale as for claim 1 above. Claim 7 differs from Claim 1, if at all, in that it includes a "plurality of advertiser nodes." Angeles, et al. teaches that the "invention supports custom advertisements which can contain hyper-links to other information," i.e. these advertisements with their hyperlinks are equivalent to a plurality of advertiser nodes (Col. 4, lines 6-16).

Claim 13 is rejected for the same reasons as set forth in claims 1 and 7.

As per claim 16, Angeles teaches a network supporting a hypertext transfer protocol comprising:

a user node having a browser program coupled to said network, said user node providing request for information on said network (Abstract; col. 1, lines 45-55; cols. 5-6, lines 62-3; col. 8, lines 38-46; col. 10, lines 43-54);

a content provider node having a content provider web site responsive to requests for information from said user node to provide media content and advertising space for display of direct advertising content (col. 2, lines 54-58 and lines 63-66; col. 3, lines 41-65; col. 7, lines 53-60; col. 12, lines 13-35);

an advertisement server node storing information about said user node, said advertisement server node and responsive to a request from said user node based on

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said link message to select an advertising banner for said advertising space based upon the information stored about said user node at said advertisement server node and to reply to said request from said user node (col. 7, lines 63-65; col. 8, lines 55-65, cols. 14-15, lines 59-31),

whereby said advertising banner from said advertisement server node is displayed at said user node (Cols. 2-3, lines 66-2; col. 8, lines 62-65).

As per claim 20, Angeles discloses a network in accordance with claim 16:

wherein said advertisement server node is responsive to a request from said user node to identify an advertiser web site corresponding to said advertising banner (in the prior art, users can click through an ad banner to obtain additional information about the advertiser – disclosed in Description of the Prior Art; Angeles, col. 4, lines 6-16); and further including

an advertiser node having an advertiser web site including advertising content corresponding to said advertising banner, said advertiser node responsive to a request to provide said advertising content corresponding to the selection of said advertising banner by a user (in the prior art, each advertiser typically maintains a web site including advertising content about their products and services which corresponds to the ad banners displayed on content web sites – disclosed in Description of the Prior Art; Angeles, col. 15, lines 1-31),

whereby said advertising content from said advertiser node is displayable at said user node (once the advertiser's URL address is returned from the ad server to the user's browser, the user's browser would be redirected to the advertiser's web page,

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and advertising content from that page would be displayed on the user's computer –

Description of the Prior Art; Angeles, cols. 15, lines 1-31).

Claim 23 is rejected for the same reasons set forth in claim 16.

Claim 32 is rejected for the same reasons set forth in claims 16 and 20.

11. Claims 1,3, 7, 9, 13, 16, 20, 23, 25, 32, 35-36, 42, 45 and 47 are rejected under 35 U.S.C. 102(e) as being anticipated by Reilly, et al. U.S. Patent No. 5,740,549.

As per claim 1, Reilly, et al. teaches a network supporting a hypertext transfer protocol (col. 4, lines 8-10) comprising:

a user node having a browser program coupled to said network (col. 4, lines 2-15), said user node providing request for information on said network (col. 6, lines 26-36; cols. 7-8, lines 45-18);

a content provider node (new story items) having a content provider web site responsive to requests for information from said user node to provide media content (new stories) and advertising space for display of direct advertising content (col. 4, lines 23-34);

an advertiser node (advertisements) responsive to a request to provide said advertising content, said advertiser node responsive to a request to provide said advertising content (cols. 4-5, lines 66-7 and col. 5, lines 26-34); and

an advertisement server node storing information about said user node (advertising display statistics and display scripts), said advertisement server node being responsive to a request from said user node based on said link message to select an advertiser node as a selected advertiser node based upon the information stored about

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said user node at said advertisement server node and identify said advertiser node as said selected advertiser node as said selected advertiser node to said user node (cols. 5-6, lines 61-34); and

whereby said advertising content from said selected advertiser node is displayable at said user node (Fig. 6; cols. 9-10, lines 65-20).

As per claim 3, Reilly, et al. teaches a network where the advertisement server node selects said advertisement node based on the characteristics of a user (Abstract).

As per claim 7, it is rejected under the same rationale as for claim 1 above. Claim 7 differs from Claim 1, if at all, in that it includes a "plurality of advertiser nodes." Reilly, et al. teaches that the invention supports advertisements which can contain hyper-links to the advertisers web sites, i.e. these advertisements with their hyperlinks are equivalent to a plurality of advertiser nodes (cols. 14-15, lines 61-11).

Claim 9 is rejected for the same reasons as claim set forth in claim 3.

Claim 13 is rejected for the same reasons as set forth in claims 1 and 7.

As per claim 16, Reilly, et al. teaches a network supporting a hypertext transfer protocol (col. 4, lines 8-10) comprising:

a user node having a browser program coupled to said network (col. 4, lines 2-15), said user node providing request for information on said network (col. 6, lines 26-36; cols. 7-8, lines 45-18);

a content provider node having a content provider web site responsive to requests for information from said user node to provide media content and advertising space for display of direct advertising content (col. 4, lines 23-34);

an advertisement server node storing information about said user node, said advertisement server node and responsive to a request from said user node based on said link message to select an advertising banner for said advertising space based upon the information stored about said user node at said advertisement server node and to reply to said request from said user node (Fig. 6; cols. 5-6, lines 61-34),

whereby said advertising banner from said advertisement server node is displayable at said user node (Fig. 6, cols. 9-10, lines 65-20).

Claim 18 is rejected for the same reasons set for in claim 3.

As per claim 20, Reilly, et al. discloses a network in accordance with claim 16:

wherein said advertisement server node is responsive to a request from said user node to identify an advertiser web site corresponding to said advertising banner (cols. 14-15, lines 61-11); and further including

whereby said advertising content from said advertiser node is displayable at said user node (once the advertiser's URL address is returned to the user's browser, the user's browser would be redirected to the advertiser's web page, and advertising content from that page would be displayed on the user's computer cols. 14-15, lines 61-11).

Claim 23 is rejected for the same reasons set forth in claim 16.

Claim 25 is rejected for the same reasons set forth in claim 3.

Claim 32 is rejected for the same reasons set forth in claims 16 and 20.

Claim 35 is rejected for the same reasons set forth in claim 3

Method claim 42 is rejected for the same reasons set forth in claim 16.

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Method claim 36 is rejected for the same reasons set forth in claim 36.

Method claim 45 is rejected for the same reasons set forth in claim 20

Method claim 47 is rejected for the same reasons set forth in claim 3.

12. Claims 1-57 are rejected under 35 U.S.C. 102(b) based upon a public use or sale of the invention. More than one year prior to the filing date of U.S. Patent 5,948,061, Kevin O'Connor initiated a telephone conversation with Christopher Buckingham. Christopher Buckingham (see Buckingham Deposition, pp. 28-29, lines 14-25). Attachmate employed Christopher Buckingham at that time. Mr. O'Connor discussed the ability of the internet to target ads to people who were surfing the net and that he could target ads based on interpreting the demographics of the people surfing the net, i.e. through the TCP/IP address. (Id. at 32, lines 19-21; at 33, lines 3-12; at 71, lines 14-16). Mr. O'Connor further disclosed a range of products and services related to advertising on the internet that he could provide and that his software could utilize banner ads and target people/customers, job types, or accounts that Buckingham specified in exchange for \$20,000. (Id. at 35, lines 2-16; at 36, lines 9-25; at 39, lines 5-11; 72, lines 5-14). It was during that telephone conversation that Christopher Buckingham on behalf of Attachmate agreed to become one of Mr. O'Connor's initial advertising sponsors for targeted advertising. (Id. at 37-38, lines 23-11 and at 64-65, lines 17-14) Mr. O'Connor further indicated that he would provide feedback/reports on the advertising. (Id. at 34, 2-8).

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13. Claims 1-57 are rejected under 35 U.S.C. 102(b) as being anticipated by FocaLink's public use of centralized ad serving technology.

FocaLink conceived of and reduced to practice centralized ad serving technology well prior to the filing of the '061 patent as indicated by (1) Mr. Carlick's discussions with Mr. Zinman and FocaLink in 1995, (2) several February 1996 articles in DoubleClick's possession discussing FocaLink as growing out of a project conceived by Messrs. Zinman and Strober while at Stanford Business School the previous Spring, 1995; (3) FocaLink promotional materials also in DoubleClick's possession discussing the detail and origin of FocaLink's Technology, including FocaLink's technology and services during 1995 and 1996 as its competitor in the ad serving market place. See First Amended Answer and Counterclaim of Defendant L90, Inc., pg. 22. This centralized ad serving technology which would select, deliver and monitor targeted advertising was conceived of in the Spring of 1995 by the founders of FocaLink and by June 1995, FocaLink, then called Link Marketing, began raising capital for the formation of their ad serving business. Amended Answer and Counterclaims of Sabela Media, Inc., pg. 15. By August 1995 FocaLink began serving advertising banners on a web site named Web Personals through their ad server which would select the ad banner and send it back to the user's browser where it was combined with other textual or graphical information to compose a web page. Id. The user could then click through the banner and be redirected to the advertiser's own web site. Id. Beginning in October 1995 FocaLink began served advertising banners using its SmartBanner ad serving technology for several



companies, including Saturn Cars. Id. During this time period, FocaLink was using a variety of information in order to provide different advertising banners to different users using a variety of information in order to provide different advertising banners to different users viewing the same advertising space on the same web page, i.e., FocaLink was serving targeted advertising. Id.

Thus, Claims 1-57 are rejected in view of LinkMarket's Business Brochure (faxed 7/5/95 – Tab 56); FocaLink's Business Brochure (dated 9/8/95 – Tab 57); Link Market Business Plan (dated June 6, 1995 – Tab 89); FocaLink Press Release – Hyperlink Advertising Explodes on the World Wide Web (July 17, 1995 – Tab 90); FocaLink Media Services, Inc. (dated August 2, 1995 - Tab 215); Depositions of Ron Kovas and David Zinman. These references teach all the elements of claims 1-57 as admitted by applicant in their business plan where they admitted that their ad serving technology was "not patentable" and later discussed FocaLink. Amended Answer and Counterclaims of Sabela Media, Inc. pg. 19.

***Claim Rejections - 35 USC § 103***

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

14. Claim 51-52 is rejected under 35 U.S.C. 103(a) as being unpatentable over

Khoda, et al. "Ubiquitous advertising on the WWW: Merging advertisement on

the browser" (Applicant's submission). Kohda, et al. teaches as discussed above in the 102(a) rejection.

Kohda teaches a network comprising:

a user node having a browser program coupled to said network, said user node providing requests for information on said network (Fig. 2; pg. 1495, col. 1, fourth paragraph);

a content provider affiliate node having a respective affiliate web site (Fig. 2 – Ordinary Web server and web page) responsive to requests for information from said user node to provide media content, advertising space for display of advertising content and a link message to said user node (Fig. 2);

an advertiser node having an advertiser web site including advertising content (Fig.2; pg. 1494, col. 2, first full paragraph), said advertiser node responsive to a request to provide advertising content (Fig.2; pg. 1494, col. 2, first full paragraph); and an advertisement server node responsive to a request from said user node based on said link message to select said advertiser node as a selected advertiser node, and identify said advertiser node as said selected advertiser node to said user node (Fig. 2 Advertiser's Web server and an advertisement web page; pg. 1495, cols. 1-2, Sections 2.2 and 2.3, and pp. 1497-98, Section 3.2),

whereby said advertising content from said advertiser node is displayable at said user node (pg. 1495, col. 1, Section 2.2),

However, Kohda, et al. does not specifically disclose selecting the advertiser node based on the number of times the advertising content has been previously

displayed. However, this pricing model for advertising is known in the art, i.e. CPM pricing. See Applicant's Specification, Background Section, Page 2. Thus, it would have been obvious for one of ordinary skill in the art at the time the invention was made to display the advertisement based on the number of times previously displayed because it would enable rotation of the advertisement and fulfillment of the display rate contracted with the advertiser.

Claim 51 is rejected for the same reasons set forth in claim 2 as set forth above.

Claim 52 is rejected for the same reasons set forth in claims 8 and 51.

15. Claims 53-57 are rejected under 35 U.S.C. 103(a) as being unpatentable over Kohda, et al. as applied to claims 16-17, 20, 23-24, 32-33, 38 and 46 above, and further in view of Davis, et al., U.S. Patent No. 5,796,952 filed March 21, 1997 or Davis, et al., U.S. Patent No. 5,796,952 filed March 21, 1997 or Douglas L. Peckover, U.S. Patent No. 6,119,101, filed January 17, 1997.

As per claim 53, Kohda, et al. discloses as discussed above in the 102(a) rejection. Kohda, et al. does not disclose the specific display type/form/positioning of advertising, i.e. banner or interstitial, that would be selected. Davis, et al., U.S. Patent No. 5,796,952 filed March 21, 1997, disclosed that banner ads are well known in the internet advertising field, that banner ads allow clicking through to the web site of the advertiser, and that in many instances substantially increased the advertiser's exposure. (Col. 3, lines 14-67); see *also* Peter N. Murray, U.S. Patent No. 6,061,659, filed June 3, 1997 (Cols. 1-2, lines 66-46) and Douglas L. Peckover, U.S. Patent No. 6,119,101, filed January 17, 1997 (Col. 7, lines 59-65) (discussing banner advertisements and the

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problem with lack of targeting the consumer). Thus, it would have been obvious to one of ordinary skill in the art at the time the invention was made to select and display an advertising banner in order to increase the efficacy of contact with users. Moreover, Kohda, et al. does not specifically disclose selecting the advertiser node based on the number of times the advertising content has been previously displayed. However, this pricing model for advertising is known in the art, i.e. CPM pricing. See Applicant's Specification, Background Section, Page 2. Thus, it would have been obvious for one of ordinary skill in the art at the time the invention was made to display the advertisement based on the number of times previously displayed because it would enable rotation of the advertisement and fulfillment of the display rate contracted with the advertiser. Thus, increasing the efficiency and profitability of advertiser.

Claims 54-57 are rejected for the same reasons set forth in claims 24, 33, 38 and 46 respectively in the previous office action.

16. Claim 51-57 are rejected under 35 U.S.C. 103(a) as being unpatentable over Wexler, U.S. Patent No. 5,960,409 or Angeles, et al., U.S. Patent No. 5,933,811.

Wexler and Angeles teach a network comprising:

a user node having a browser program coupled to said network, said user node providing requests for information on said network (Wexler – col. 2, lines 43-46; Angeles – Abstract, col. 1, lines 45-55, cols. 5-6, lines 62-3, col. 8, lines 38-46, col. 10, lines 43-54);

a content provider affiliate node having a respective affiliate web site responsive to requests for information from said user node to provide media content, advertising

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space for display of advertising content and a link message to said user node (Wexler – col. 3, lines 36-44 and col. 4, lines 28-36; Angeles – col. 2, lines 54-58 and lines 63-66, col. 3, lines 41-65, col. 7, lines 53-60, col. 12, lines 13-35);

an advertiser node having an advertiser web site including advertising content, said advertiser node responsive to a request to provide advertising content (Wexler - col. 5, lines 1-23; Angeles - col. 4, lines 6-16); and an advertisement server node responsive to a request from said user node based on said link message to select said advertiser node as a selected advertiser node, and identify said advertiser node as said selected advertiser node to said user node (Wexler – col. 4, lines 37-67; Angeles – col. 7, lines 63-65, col. 8, lines 55-65, col. 14-15, lines 59-31),

whereby said advertising content from said advertiser node is displayable at said user node (Wexler – col. 4, lines 4-7; Angeles – cols. 2-3, lines 66-2, col. 8, lines 62-65).

However, neither Wexler, nor Angeles, et al. specifically disclose selecting the advertiser node based on the number of times the advertising content has been previously displayed. However, this pricing model for advertising is known in the art, i.e. CPM pricing. See Applicant's Specification, Background Section, Page 2. Moreover, this limitation is known in the prior art as "burnout," and reflects the well-known notion that continuous exposure to the same advertisement generally reduces the response rate to the advertisement. (Description of the Prior Art, col. 1, lines 54-59). Thus, it would have been obvious for one of ordinary skill in the art at the time the invention was made to display the advertisement based on the number of times previously displayed because it would enable rotation of the advertisement and fulfillment of the display rate

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contracted with the advertiser. Thus increasing the efficiency and profitability of the advertiser.

Claim 51 is rejected for the same reasons set forth in claim 2 as set forth above.

Claim 52 is rejected for the same reasons set forth in claims 8 and 51.

Claims 53-57 are rejected for the same reasons set forth in claims 17, 24, 33, 38 and 46.

### ***Remarks***

Applicant's arguments regarding Minor, et al. filed July 24, 2001 have been fully considered and are deemed persuasive. thus, the rejections under Minor, et al. are withdrawn in light of applicant's arguments.

### ***Conclusion***

The prior art made of record and not relied upon is considered pertinent to applicant's disclosure. Shaw, et al. U.S. Patent No. 5,809,242 which discloses an electronic mail system for displaying advertisement at local computer received from a remote while the local computer is off-line with the remote system. Shaw, et al. discloses targeting the advertising utilizing a variety of techniques including user profiles and statistical information on viewing, such as number of times viewed types of advertisements clicked through etc.


Any inquiry concerning this communication or earlier communications from the examiner should be directed to Jennifer I. Harle whose telephone number is 703.306.2906. The examiner can normally be reached on Monday through Thursday, 6:00 a.m. to 5:00 p.m..

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If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Tariq Hafiz can be reached on 703.305.9643. The fax phone numbers for the organization where this application or proceeding is assigned are 703.308.5357 for regular communications and 703.308.5357 for After Final communications.

Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the receptionist whose telephone number is 703.305.3900.

jih  
October 22, 2001

  
Richard O'Keefe  
Supervisory Patent Examiner  
Technology Center 2167



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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/577,798	05/24/2000	Dwight Allen Merriman	11032/ 2144	4541

26646 7590 10/28/2002

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NEW YORK, NY 10004

EXAMINER

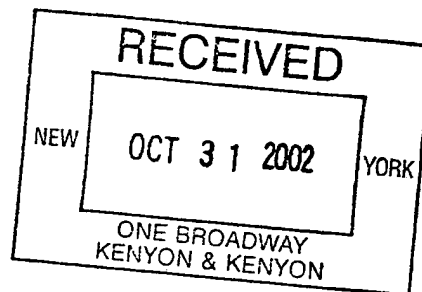
HARLE, JENNIFER I

ART UNIT PAPER NUMBER

3627

DATE MAILED: 10/28/2002

Please find below and/or attached an Office communication concerning this application or proceeding.





<b>Office Action Summary</b>	<b>Application No.</b> 09/577,798	<b>Applicant(s)</b> MERRIMAN ET AL.	
	<b>Examiner</b> Jennifer I. Harle	<b>Art Unit</b> 3627	

– The MAILING DATE of this communication appears on the cover sheet with the correspondence address –

**Period for Reply**

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).
- Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

**Status**

- 1) ☐ Responsive to communication(s) filed on \_\_\_\_.
- 2a) ☐ This action is **FINAL**.                      2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

**Disposition of Claims**

- 4) ☒ Claim(s) 1-57 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-57 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_ are subject to restriction and/or election requirement.

**Application Papers**

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
- 11) ☐ The proposed drawing correction filed on \_\_\_\_ is: a) ☐ approved b) ☐ disapproved by the Examiner.  
If approved, corrected drawings are required in reply to this Office action.
- 12) ☐ The oath or declaration is objected to by the Examiner.

**Priority under 35 U.S.C. §§ 119 and 120**

- 13) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).  
a) ☐ All   b) ☐ Some \* c) ☐ None of:  
1. ☐ Certified copies of the priority documents have been received.  
2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_.  
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).  
\* See the attached detailed Office action for a list of the certified copies not received.
- 14) ☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. § 119(e) (to a provisional application).  
a) ☐ The translation of the foreign language provisional application has been received.
- 15) ☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. §§ 120 and/or 121.

**Attachment(s)**

- |   |   |
|---|---|
| 1) <input type="checkbox"/> Notice of References Cited (PTO-892)  | 4) <input type="checkbox"/> Interview Summary (PTO-413) Paper No(s). ____.  |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948)                              | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152) |
| 3) <input checked="" type="checkbox"/> Information Disclosure Statement(s) (PTO-1449) Paper No(s) <u>See O.A.</u> | 6) <input type="checkbox"/> Other: _____                                    |

*11/4/02*

### **DETAILED ACTION**

Claims 1-57 are pending. Claims 1-57 are rejected and this action is made **FINAL**. This action incorporates the arguments set forth in the Request for Reconsideration filed April 24, 2002 and the amended claims set forth in the Supplemental Amendment filed September 20, 2002.

#### ***Amendment Filed September 30, 2002***

Applicant filed amended claims on September 30, 2002 and a Notice of Non-Compliant Amendment (37 C.F.R. 1.121) was mailed. The Notice of Non-Compliant Amendment (37 C.F.R. 1.121) is vacated because clean sets of amended claims are not required for reissue applications.

#### ***Information Disclosure Statement***

Applicant indicated that they have not received the following IDS pages/documents:

- Documents listed in Notification Regarding Litigation filed August 25, 2000
  - These documents were duplicated in the IDS filed July 24, 2001, paper number 12 and enclosed. These documents have been reviewed and the examiner has also provided an initialed copy of Notice, paper number 4.
- Three page PTO-1449 filed April 4, 2001
  - The examiner did not have a Three page IDS filed that date. The examiner had three separate IDS filed July 24, 2001, one of which was in the file directly behind the cover sheet for the April 4 IDS and was considered paper number 10, a copy of which was forwarded. As the

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references are not part of the file, only the US patents for this IDS have been reviewed.

- Pretrial motions and orders listed on pages 2-3 of IDS filed July 24, 2001.
  - This IDS was designated paper number 12. These documents have been reviewed and an initialed copy has been forwarded with this action.
- Six page PTO-1449 filed July 24, 2001.
  - This IDS was designated paper number 11. These documents were reviewed September 24, 2001 and forwarded with the previous office action. An additional copy is being sent for Applicant's file.
- Two page Supplemental Information Disclosure Statement
  - This IDS was designated paper number 15, which was misnumbered paper number 16. These documents were reviewed September 24, 2001 and forwarded with the previous office action, paper 16. An additional copy is being sent for Applicant's file.
- Two page PTO-1449 filed September 7, 2001
  - This IDS should have been part of paper number 15, which was misnumbered paper 16. The documents initialed have been reviewed.
- Three page PTO 1449 filed September 7, 2001
  - This IDS should have been part of paper number 15, which was misnumbered paper 16. The documents initialed have been reviewed.
- One page PTO 1449 filed May 7, 2002
  - This corresponds to paper number 22 and is enclosed.

- Three page PTO 1449 filed September 30, 2002
  - This corresponds to paper number 25 and is enclosed.

The examiner believes that all documents now submitted have been reviewed and a copy of the IDS setting forth the documents, initialed and signed, forwarded to Applicant. If there are any discrepancies, Applicant is invited to contact the examiner to clarify the missing IDSs.

### ***Response to Arguments***

#### **Requirement for Information Under 37 C.F.R. § 105 Satisfied**

Applicant's response to the outstanding 37 C.F.R. §105 has been received. A new §105 requirement has been set forth to further clarify the outstanding issues.

#### **Rejection Based on Defective Oath/Declaration Overcome**

The new reissue declaration has been received to cure the original defective oath/declaration. The rejection of claims 1-57 is withdrawn based upon the new reissue declaration.

#### **Double-Patent Rejection Over Co-pending Patent Applications Deferred**

The double patenting rejection is maintained and made final. Applicant may file a terminal disclaimer when claims are in condition for allowance.

#### **New Declaration Under 37 C.F.R. § 1.131 Submitted**

Applicant's new 37 C.F.R. § 1.131 Declaration, filed April 24, 2002, has been received. The examiner acknowledges that it meets the requirements to establish that the invention was completed by an actual reduction to practice prior to May 1996.

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**Kohda, Wexler, Angeles Are Removed as Prior Art**

The rejections under 102(a), 102(e) and 103(a) as they pertain to Kohda, Wexler and Angeles are withdrawn in light of Applicant's new 37 C.F.R. § 1.131 Declaration, filed April 24, 2002.

**Claims Are Not Anticipated By Reilly**

Applicant argues that Reilly does not teach or suggest a user node requesting advertising content from an advertisement server node by means of a link message provided to the user node from a content provider affiliate node. However, Reilly would inherently have the link message set forth as the user node in Reilly would access the content provider affiliate node, i.e. the news story items, and the would have a link message to the advertisements, i.e. a means/redirect to go from the news story items to the advertisements, within the Information database. Without a link message, the method would not be possible because connecting information with the database requires linking of the different segments. Additionally, the independent claims do not require that the link message function as set forth in the arguments. The link messages as claimed could function in other ways, such as the content provider affiliate sends a link message to the user node for tracking purposes, as does the advertiser node's link message. As applicant has not set forth the reasoning behind why Reilly does not have this element but merely sets forth the claim language, the rejection of claims 1-57 is maintained and **made final**.

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**The Claimed Invention Was Not On Sale More Than One Year Prior to the Filing**

**Date of the '061 Patent (On-Sale Bar Rejection Under 102(b))**

Applicant argues that the rejection of claims 1-57 under 35 USC 102(b) based upon an alleged sale of the claimed invention is improper because:

- The Examiner did not present any argument or evidence that the claimed invention was ready for patenting at the time of the alleged offer for sale or any time prior to the critical date
- The events that took place prior to the critical date do not constitute a commercial offer for sale because the telephone conversation does not rise to the level of a commercial offer for sale as it was not one by which the other party could make a binding contract by simple acceptance because it lacks specific terms and thus did not trigger the on-sale bar.

Applicant's argument that the examiner failed to provide any argument or evidence that the claimed invention was ready for patenting at the time of the alleged offer for sale is not persuasive. Applicant filed the patent application less than one week after the "alleged" sale occurred. The examiner contends that the filing of the application within such a close proximity to the sale constitutes ready for patenting. Applicant has not submitted any evidence to show that any activity of any nature related to patentability occurred within this window. Additionally, the deposition testimony, sworn to under oath by Christopher Buckingham states that Kevin O'Connor told him that they could target ads based on demographics and the ability to interpret the TCP/IP addresses and utilization of AdJump. Moreover, letter sent by Kevin

O'Connor talks about the targeting of advertisements in the present tense and deployment of enhancements, i.e. IAF within 2-3 weeks. This evidence demonstrates that the invention was ready for patenting at the time of the sale. As Applicant has not provided any evidence to the contrary, Applicant's argument is not persuasive.

Applicant argues that the telephone conversation does not rise to the level of a sale and states that the letter is dispositive on this issue. However, the sworn deposition testimony specifically states that Christopher Buckingham was expecting to be invoiced based upon the telephone call. Buckingham Deposition pg. 48. Additionally, the Buckingham Deposition specifically states that the terms under "I suggest" in the letter are merely recitations of what was previously agreed to between the parties. Buckingham Deposition, pg. 42. Moreover, the letter states in the past tense "I enjoyed our discussion last week and am pleased that you will be one of our initial advertising sponsors" and "we are excited about working with you" and talks about the system in the present tense. October 30, 1995 letter from Kevin O'Connor to Chris Buckingham. Thus, the telephone conversation did not lack the specifics necessary for Christopher Buckingham to make a decision about buying targeted advertising. Finally, Applicant has not provided any evidence, including a more detailed contract than the letter or any sworn statements refuting the sworn deposition testimony of Christopher Buckingham. The evidence clearly demonstrates a meeting of the minds, one by which the other party could make into a binding contract by simple acceptance. Christopher Buckingham believed he had accepted the sale on the date of the telephone conversation and nothing in the record disputes this sworn statement,

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which is supported and reinforced by language of the letter memorializing the conversation. Applicant's arguments that no sale occurred because it was just a proposal until the letter is not deemed persuasive nor are the arguments that there were not enough concrete terms to allow the parties to form a contract. Applicant's argument that Kevin O'Connor's Declaration that Mr. Buckingham requested a written proposal is not borne out by the Deposition testimony quoted in the Declaration. The series of questions taken together from the Deposition on pages 71-73 demonstrate that Mr. Buckingham has no recollection of asking for a proposal and distinctly remembers saying in the phone conversation "I can throw \$20,000 into this" because he was under budget for marketing and when the letter was sent Mr. Buckingham clearly believes this to memorialize the conversation. Thus, as there is a discrepancy, no further discussions and/or writings after the letter have been provided,<sup>1</sup> and Mr. Buckingham remembers agreeing to the sale during the phone conversation, this argument is not deemed persuasive.

The rejection of claims 1-57 is maintained and **made final**.

**The Claims Are Not Anticipated by FocaLink**

Applicant's argue that in order for a claim to be anticipated under 35 USC 102, a single prior art reference must disclose, either expressly or inherently, each and every element of the claims as set forth in MPEP 2131. However, the MPEP clearly states that in some circumstances, it is permissible to use multiple references in a 35 USC 102 rejection. MPEP 2131. These reasons include use to show that a characteristic not

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<sup>1</sup> The offer was accepted on the phone as set forth in the deposition transcript. This has not been



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disclosed in the reference is inherent. MPEP 2131.01. Thus, the primary reference LinkMarket Business Plan (DX89). The inherent features are supported by additional documents as set forth in the rejection.

Applicant further argues that none of the cited references disclose a system or method for electing an advertiser node or advertising banner based upon information stored about the user node at the advertisement server node and that the advertisement server node selects the advertisement/banner based on a number of times a content has been previously displayed. However, this is not the case. SmartBanner technology, i.e. the advertisement server node, stores information about the user node based upon the domain name of the user and targets from there. DX93 specifically states that the post-buy information can be used to target ads, including changing the graphics. This specific information includes information about the user node, i.e. demographics of those who view or click on an advertisement and the number of people per day who view/click on an advertisement. In order to target based on these features, this information would have to be stored and then used in selecting the advertisement/banner. Additionally, the LinkMarket Business Plan specifically states that the post-buy information is stored at the advertisement server node. Moreover, the user node can be broad enough to encompass the domain name, as a node is merely a junction of some type or a location on a tree that can have links to one or more nodes below it, and thus, the SmartBanner targeting clearly encompasses the present invention as user's are targeted based on domain names and rotations apply to the

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disputed/rebutted and hence the offer and acceptance of the sale occurred during the phone

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domain names as well. Applicant has not set forth how the LinkMarket/FocaLink product differs in its operation from the claims and/or why it does not operate in the same fashion but merely reiterates the claim language. See also the discussion of SmartBanner technology. Thus, applicant's arguments are deemed not persuasive and the rejection of claims 1-57 is maintained and **made final**.

### ***Conclusion***

**THIS ACTION IS MADE FINAL.** Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire **THREE MONTHS** from the mailing date of this action. In the event a first reply is filed within **TWO MONTHS** of the mailing date of this final action and the advisory action is not mailed until after the end of the **THREE-MONTH** shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than **SIX MONTHS** from the mailing date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Jennifer I. Harle whose telephone number is 703.306.2906. The examiner can normally be reached on Monday through Thursday, 6:00 a.m. to 5:00 p.m..

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conversation.

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If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Robert P. Olszewski can be reached on 703.305.9643. The fax phone numbers for the organization where this application or proceeding is assigned are 703-305-7687 for regular communications and 703-305-7687 for After Final communications.

Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the receptionist whose telephone number is 703-308-1113.

Jennifer Ione Harle  
October 15, 2002

  
Richard Chikot  
~~Technology Patent Examiner~~  
Technology Center 200  
3627

# **Exhibit**

# **B**



#31

Reissue Patent  
Atty. Docket No. 11032-2144

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Re application of:

MERRIMAN, Dwight et al.

Reissue Serial No.: 09/577,798

Patent No. 5,948,061, Issued September 7, 1999

Reissue Filed: May 24, 2000

For: METHOD OF DELIVERING, TARGETING, AND  
MEASURING ADVERTISING OVER NETWORKS

Examiner: J. HARLE

Art Unit: 3627

**APPEAL BRIEF**

Commissioner for Patents  
P.O. Box 1450  
Alexandria, VA 22313-1450

**ATTENTION: Board of Patent Appeals and Interferences**

**RECEIVED**

OCT 03 2003

**GROUP 3600**

Sir:

Applicants submit this appeal brief in the above-referenced reissue application. A notice of appeal was filed on April 28, 2003, and the attached Petition For Extension of Time extends the due date through September 29, 2003 (September 28, 2003 falling on a Sunday).

**REAL PARTY IN INTEREST**

DoubleClick Inc. is the real party in interest for all issues related to this application by virtue of an assignment recorded with the Office,

**RELATED APPEALS OR INTERFERENCES**

An Appeal Brief was filed on May 13, 2003 in application no. 09/094,949, which includes similar subject matter. A Rule 607 Notice of Attempt to Provoke Interference was mailed March 10, 2003 for U.S. Pat 5,948,061 (issued September 7, 1999), which also includes similar subject matter.

### **STATUS OF CLAIMS**

This application contains claims 1-57, all of which stand finally rejected. All rejections are appealed.

### **STATUS OF AMENDMENTS**

No Amendment After Final Rejection was filed in this application.

### **SUMMARY OF THE INVENTION**

Embodiments of the present invention include a network 10, which includes affiliate web site 12, an advertisement server or web site 19, and one or more individual advertiser's servers or web sites 18. When a user using a browser accesses or visits an affiliate web site 12, an advertisement provided by advertisement server 19 is superimposed on the display of the affiliates web page displayed by the user's browser. See Fig. 1 and col. 2, l. 59 through col. 3, l. 4. The computers supporting the browser, the affiliate web site 12 and the advertisement server 19 are normally entirely different nodes on the Internet. See col. 3, l. 16-18. Upon selecting the advertisement, the browser is connected to the advertiser's server or web site 18 for that advertisement. See col. 3, l. 18-23.

In further detail, the affiliate web site 12, in response to the request 20 from the user, sends back one or more hypertext transfer protocol messages. The messages contain the information available at web site 12 for the requested page to be displayed at the user's browser 16. The affiliate's web server 12 also sends a link including an IP address for an advertisement server 19. The advertisement server 19 determines which advertisement to provide to the user's browser for display. See col. 3, l. 24-63.

Figure 2 illustrates the advertisement server 19 architecture. The advertisement server 19 uses a database 54. The database 54 performs profile process 52 to gather information about individual users. Advertisements are stored within the advertisement server 19. See col. 4, l. 20-30.

For each user identified by the system, a user identification, IP address, domain name, time zone, location of the user, standard industrial code for the user's network, the particular advertisements seen and the number of times seen, the advertisements that were selected or "clicked on" and the pages on which the various users' advertisements were seen is collected. Use of the information allows targeted advertising. The advertisement server 19 obtains from the database all the information known about the user, and calculates the relative time of day for the user. A table of targeting profile criteria for the advertisement is used along with the information about the user to select advertisements. If two or more advertisements are selected, it is determined how many times the user has been exposed to the advertisement, and if that number is below a predetermined threshold, the advertisement is retained as a possible match. Matches may then be used to select a particular advertisement. See col. 4, l. 44- col. 6, l. 59.

#### **ISSUES**

- A. Whether claims 1, 3, 7, 9, 13, 16, 20, 23, 25, 32, 35-36, 42, 45 and 47 are anticipated under 35 U.S.C. §102(e) by U.S. Pat. 5,740,549 to Reilly et al. (hereinafter "Reilly").<sup>1</sup>
- B. Whether claims 1-57 are anticipated under 35 U.S.C. §102(b) by "FocaLink's public use of centralized ad serving technology" in view of LinkMarket's Business Brochure (DX 56), FocaLink's Business Brochure (DX 57), LinkMarket Business Plan (DX 89), FocaLink Press Release titled "Hyperlink Advertising Explodes on the World Wide Web" (DX 90), FocaLink Media Services, Inc. (DX 215), and the depositions of Ron Kovas and David Zinman (hereinafter "FocaLink").

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<sup>1</sup> In addressing Reilly in the Final Rejection, the Examiner states that "the rejection of claims 1-57 is maintained and made final." Oct. 28, 2002 Office Action at 5. However, the preceding Office Action (dated Oct. 24, 2001) only rejected certain claims based on Reilly, namely, claims 1, 3, 7, 9, 13, 16, 20, 23, 25, 32, 35-36, 42, 45 and 47. Claims 2, 4-6, 8, 10-12, 14-15, 17-19, 21-22, 24, 26-31, 33-34, 37-41, 43-44, 46, and 48-57 were *not* rejected in the Oct. 24, 2001 Office Action based on Reilly, and therefore Applicants' position is that this latter group of claims do not stand rejected under Reilly.

- C. Whether claims 1-57 are invalid under 35 U.S.C. §102(b) based on an alleged sale of the claimed invention more than one year prior to the filing date of the '061 patent (which is the subject of the present reissue application).

### **GROUPING OF CLAIMS**

Group I: claims 1-50.

Group II: claims 51-57.

Separate reasons for patentability for each group are set forth below.

### **ARGUMENT**

#### **Summary of Argument**

None of the claims of the present reissue application are anticipated by Reilly. Reilly does not disclose an advertisement server node storing information about a user node, the advertisement server node being responsive to a request from the user node based on a link message to select an advertiser node as a selected advertiser node based on information about the user node at the advertisement server node, as required by the independent claims 1, 7, 13, 16, 23, and 32, or the corresponding recitations in method claims 42, 45 and 47 of an advertisement server node storing information about a user node, and selecting, at the advertisement server node, an advertiser node based on the information stored about the user node.

None of the claims of the present reissue application are anticipated by FocaLink. FocaLink does not disclose: 1) a system or method for selecting an advertiser node or advertising banner based upon information stored about the user node at the advertisement server node, as required by independent claims 1, 7, 13, 16, 23, 29, 32, 42, and 45; or 2) a system or method wherein the advertisement server node selects an advertiser node or advertising banner based on a number of times the advertising



content has been previously displayed at the user node, as required by independent claims 51-57.

The claimed invention was not on sale more than one year prior to the filing date of the '061 patent. First, the claimed invention was not the subject of a commercial offer for sale prior to the critical date; rather, the transaction at issue was initiated after the critical date and was primarily for experimental purposes. Second, the claimed invention was not ready for patenting prior to the critical date; indeed, the invention was still in the experimental phase for several months after the critical date.

**A. The Claims Are Not Anticipated By Reilly**

Reilly discloses an information and advertising distribution system. An information server stores and updates a database of information items and advertisements, with the information items and advertisements each categorized so that each has an associated information category. An advertisement is displayed on a subscribers' workstation simultaneously with news items assigned to the same category as the advertisement. See col. 3, l. 66 through col. 5, l. 7.

The information database includes advertising display statistics 148 and news item display statistics 149, which are collected from subscribers' computers. The advertising display statistics indicate how many times each advertisement has been displayed on subscribers' computers. See col. 5, l. 61 through col. 6, l. 10.

The Examiner's position regarding how disclosures of Reilly allegedly read on claim 1 of the '061 reissue patent, as set forth in the October 24, 2001 Office Action, is that news story items of Reilly correspond to the claimed content provider node, that advertisements of Reilly correspond to the claimed advertiser node, and that Reilly's advertising display statistics and display scripts correspond to the claimed advertisement server node storing information about said user node, said advertisement server node being responsive to a request from said server node based on said link message to select an advertiser node as a selected advertiser node based upon the information stored about the user node at the advertisement server node, and identify said advertiser node as said selected advertiser node to said user node. Regarding the

advertising display statistics and display scripts, the Examiner refers to cols. 5-6, lines 61-34. See Office Action dated October 24, 2001, pp. 13-14.<sup>2</sup>

However, Reilly does not disclose that the advertising display statistics or display scripts (asserted by the Examiner to be equivalent to the advertisement server node storing information about the user node) are used to select an advertiser node (or advertisement) as required by the rejected claims. Instead, the advertising display statistics indicate how many times each advertisement has been displayed (see col. 5, l. 61 through col. 6, l. 6) and the display scripts control how the news stories and advertisements are displayed, by controlling the number, position, movement of news items and advertisements (see col. 5, l. 24-34).

In fact, Reilly discloses that the advertisement shown is selected on the basis of the information category associated with the news item being viewed, not based on advertising display statistics or display scripts as suggested by the Examiner. Reilly selects the advertisements in rotating order among the advertisements assigned to each information category. Reilly indicates that the advertisement is changed every time the subscriber clicks on a category button to select a different information category than the one previously selected, and every 30 seconds when the subscriber continues to view items in a single news category. See col. 13, l. 62 through col. 14, l. 6.

Accordingly, Reilly does not disclose selecting an advertiser node as a selected advertiser node based on information stored about the user node at the advertisement server node, as required by independent claims 1, 7, and 13, and corresponding dependent claims 3 and 9. Likewise, Reilly does not disclose the corresponding recitations in method claim 45 (and corresponding dependent claim 47) of selecting, at the advertisement server node, an advertiser node based on the information stored about the user node at the advertisement server node. Similarly, Reilly does not disclose selecting an advertisement banner based on information stored about the user node at the advertisement server node, as required by independent claims 16, 23, 32, and 42,

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<sup>2</sup> The October 24, 2001 Office Action is referred to because the details of the Examiner's rejection are not set forth in the Final Rejection.

and corresponding dependent claims 20, 25, and 35-36. Therefore, it is requested that the rejection of the claims as anticipated by Reilly be overturned.

**B. The Claims Are Not Anticipated By Focalink**

FocaLink does not disclose: 1) a system or method for selecting an advertiser node or advertising banner based upon information stored about the user node at the advertisement server node, as required by independent claims 1, 7, 13, 16, 23, 29, 32, 42, and 45; or 2) a system or method wherein the advertisement server node selects an advertiser node or advertising banner based on a number of times the advertising content has been previously displayed at the user node, as required by independent claims 51-57.

The Examiner asserts that SmartBanner technology stores information based on the domain name of the user and targets from there, and that DX 93 stores "post-buy" information – demographics of those who view or click on an advertisement and the number of people who view/click on an advertisement. See Final Rejection, pp. 9-10. However, the various FocaLink references do not disclose that such information is stored, or that stored information about a user node is used to select an advertising node or an advertising banner, as required by claims 1-50. Rather, the FocaLink references disclose that such "post-buy" information is used to generate reports provided to advertisers and web sites. Accordingly, claims 1-50 are not anticipated by FocaLink.

Regarding claims 51-57, the Examiner has not even asserted that FocaLink discloses selecting an advertiser node or advertising banner based on a number of times the advertising content has been previously displayed at the user node. While the Examiner asserts that DX93 discloses use of the number of people per day who view/click on an advertisement (see Final Rejection, page 9), this is not selecting an advertiser node or advertising banner based on a number of times the advertising content has been previously displayed at the user node, as recited in claims 51-57. To the contrary, as discussed above, the FocaLink references disclose that any such "post-buy" information is used to generate reports provided to advertisers and web sites. Furthermore, the number of people per day who view/click on an advertisement can be very different than the number of times the advertising content has been previously

displayed at the user node. FocaLink's use of the number of people per day who view/click on an advertisement thus could be related to any number of user nodes, while claims 51-57 relate to the number of times the advertising content has been previously displayed at a particular user node. Accordingly, claims 51-57 are not anticipated by FocaLink.

**C. The Claimed Invention Was Not On Sale More Than One Year Prior to The Filing Date**

The Examiner has rejected claims 1-57 under 35 U.S.C. §102(b) based upon an alleged sale of the claimed invention more than one year prior to the filing date of the application that eventually matured into the '061 patent.<sup>3</sup> Applicants respectfully traverse this rejection and submit that the claimed invention does not fall under the on-sale bar of §102(b).

The Supreme Court has established a two-part test for determining whether an invention is subject to the on-sale bar under §102(b). In order for the on-sale bar to apply, (1) the invention must be the subject of a commercial offer for sale, and (2) the invention must be ready for patenting. *Pfaff v. Wells Electronics, Inc.*, 525 U.S. 55, 67, 119 S. Ct. 304, 311-12, 48 U.S.P.Q.2d 1641, 1646-47 (1998). In the absence of either of these prongs, the on-sale bar does not apply.

**1. No Commercial Offer For Sale Was Made Prior To The Critical Date**

The events that took place prior to the critical date do not constitute a commercial offer for sale under §102(b). Under the standard established by the Federal Circuit, a commercial offer for sale sufficient to trigger §102(b) requires a firm and complete offer: "Only an offer which rises to the level of a commercial offer for sale, one by which the other party could make into a binding contract by simple acceptance (assuming consideration), constitutes an offer for sale under §102(b)." *Group One Ltd. v. Hallmark Cards Inc.*, 254 F.3d 1041, 1048, 59 U.S.P.Q.2d 1121, 1126 (Fed. Cir. 2001) (emphasis

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<sup>3</sup> The application that matured into the '061 patent (that is the subject of this reissue application) was filed on October 29, 1996, making October 29, 1995 (one year prior) the "critical date" for purposes herein.

added). In the *Group One* ruling, the Federal Circuit rejected the proposition, based upon dictum in a prior decision, that something less than a formal offer under contract law principles would suffice to trigger the on-sale bar. *Group One*, 254 F.3d at 1046-47, 59 U.S.P.Q.2d at 1125. The Court in *Group One* held that the indefinite nature of communications (letter, meeting and telephone call discussing the patented machine and technology) and the lack of specific terms (such as price and quantity) in that case did not trigger the on-sale bar. *Id.*, 254 F.3d at 1047-48, 59 U.S.P.Q.2d at 1125-26.

The transaction cited by the Examiner does not meet the standard set by the Federal Circuit for establishing a commercial offer for sale. The event relied upon by the Examiner – a single telephone call between Kevin O'Connor, one of the co-inventors of the present invention, and a colleague, Christopher Buckingham of Attachmate – lacked many terms that would be required for a “commercial” offer. Further, as discussed more fully in section C.3 below (experimental use), the transaction that ultimately occurred (after the critical date) was primarily for experimental purposes.

The telephone call between Mr. O'Connor and Mr. Buckingham took place during the last week of October, 1995 (see Declaration Under 37 C.F.R. 132 of Kevin J. O'Connor (“O'Connor R.132 Decl.”), ¶ 24), just prior to the critical date of October 29, 1995.

Mr. O'Connor called Mr. Buckingham, a prior acquaintance, to discuss the general concept of targeted advertising over the Internet. O'Connor R.132 Decl., ¶ 24. During the conversation, Mr. Buckingham expressed interest in the idea and requested a proposal so that he could evaluate whether to use Mr. O'Connor's company, IAN, for Internet advertising.<sup>4</sup> O'Connor R.132 Decl., ¶ 25.

After the telephone call with Mr. Buckingham, Mr. O'Connor spent a few days considering a concrete proposal to put together for Mr. Buckingham. O'Connor R.132 Decl., ¶ 26. Mr. O'Connor prepared a written proposal for Attachmate and sent the

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<sup>4</sup> IAN (Internet Advertising Network) was the name of the company formed by the inventors. IAN ultimately became DoubleClick Inc., the assignee of the present invention.

proposal in a letter to Mr. Buckingham on October 30, 1995 (the "Attachmate Letter") – which was after the critical date.<sup>5</sup> O'Connor R.132 Decl., ¶ 26 (and Exhibit C thereto). In the letter, Mr. O'Connor proposed that Attachmate spend \$10,000 for hard-coded nontargeted advertisements (which IAN could perform at the time) and allocate another \$10,000 for targeted advertising at a later date, when the targeted advertising software was complete and the targeting profile was determined. O'Connor R.132 Decl., ¶ 26; Attachmate Letter at pg. 1.

The single telephone discussion that preceded the critical date lacked a number of fundamental terms that would have been required to establish a binding commercial contract. Among the fundamental terms missing from the telephone discussion are the following (some of these terms were subsequently suggested, *after* the critical date, in the proposal contained in the Attachmate Letter):

- The *type of advertisements* to be provided (e.g., ads hard-coded into a web page, targeted ads to be selected and inserted real-time, or a combination of these ad types) was not specified during the telephone call. See Buckingham deposition at pg. 60.
- The Attachmate Letter proposed that IAN would provide a specified amount of non-targeted ads over a period of several months,<sup>6</sup> track viewer demographics and determine the most useful user profile for targeting future ads. See Attachmate Letter, pg. 1 (numbered paragraph 2).
- The *number of ads* to be placed was not specified during the telephone call. See Buckingham deposition at pp. 42-43.
- The Attachmate Letter proposed that IAN would provide 400,000 non-targeted ads, to be followed at a later time – once the ad targeting software was completed

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<sup>5</sup> For the convenience of the Board, a copy of the Attachmate Letter is attached to this brief as an Exhibit.

<sup>6</sup> These non-targeted ads were to be "hard-coded" into the subject web site (and thus did not use any third party ad serving technology at all). O'Connor R. 132 Decl., ¶27.

- by targeted ads. Attachmate Letter, pg. 1 (numbered paragraph 2). However, even the letter did not specify *how many* targeted ads would be served.
- The *timeframe* over which the ads would be placed was not specified during the telephone call. See Buckingham deposition at pp. 52, 58, 61-62.
  - The Attachmate Letter proposed that IAN would provided non-targeted ads over the next several months. However, the letter did not provide any specific time frame for developing and serving targeted ads, other than an indefinite reference to completion of the ad targeting software in the future. See Attachmate Letter, pg. 1 (numbered paragraphs 2, 3).
- Neither the *pricing structure* for the ads (ad rate) nor a *payment date* was specified during the telephone call.
  - The Attachmate Letter proposed that IAN would determine in the future the most effective way to spend the balance for targeted ads, in accordance with favorable pricing to Attachmate (referring to a draft rate sheet having specified ad rates for targeted advertising), and that Attachmate would make a sponsorship payment by a specific due date – December 31st, 1995. See Attachmate Letter, pg. 1 (numbered paragraph 3).

In short, the absence of specific terms such as these from the prior telephone discussion confirms that there was no commercial offer to sell the invention during that conversation. See *Group One, supra* (indefinite nature of communications, and lack of specific terms such as price and quantity); *MLMC Ltd. v. Airtouch Communications, Inc.*, 215 F. Supp. 2d 464, 480 (D. Del. 2002) (no commercial offer for sale when quotations were missing terms such as delivery dates and payment terms); *D&K Int'l, Inc. v. General Binding Corp.*, 104 F. Supp.2d 958, 960 (N.D. Ill. 2000) (no commercial offer for sale when meeting lacked discussion of quantity, delivery date or shipment or payment terms, despite discussion of sales price).

To the extent that the terms ordinarily necessary for a commercial offer for sale may have eventually been provided by Mr. O'Connor, they were not provided until at least when Mr. O'Connor sent his written proposal (the Attachmate Letter) to Mr. Buckingham

on October 30, 1995. However, the Attachmate Letter came after the critical date and, therefore, cannot itself be the basis for establishing an on-sale bar under §102(b).

The Attachmate Letter clearly sets out a new proposal to be considered by Attachmate, rather than confirming a prior offer and acceptance.<sup>7</sup> For example, Mr. O'Connor introduced a number of new details (details that were not discussed during the prior telephone conversation) by stating "I suggest the following." See Attachmate Letter, page 1 (emphasis added). This is consistent with a proposal being presented for the first time, rather than confirming a set of terms already agreed upon. Indeed, during the prior telephone call, Mr. O'Connor was asked to send a proposal, and he gave Mr. Buckingham the proposal in the Attachmate Letter. See O'Connor R.132 Decl., ¶¶25-26.

Contrary to these facts, the Examiner argues that the transaction was fully discussed during the prior telephone call. According to the Examiner, during the telephone conversation between Mr. O'Connor and Mr. Buckingham, Mr. O'Connor allegedly discussed (a) the ability to target ads to people who were surfing the net, (b) a range of products or services related to Internet advertising that he could provide, (c) software that he could provide that would utilize banner ads and target specified people, job types or accounts in exchange for \$20,000.00, and (d) the ability to provide feedback/reports on advertising; and Mr. Buckingham allegedly "agreed" to become an initial advertising sponsor for targeted advertising. Office Action dated Oct. 24, 2001, pg. 16.

As an initial matter, one of the citations relied upon in the by the Examiner to the Buckingham deposition (page 64, line 17 - page 65, line 14) extracts information from the Attachmate Letter, not necessarily from the prior telephone conversation between Mr. Buckingham and Mr. O'Connor. This distinction is important, because to the extent that any information derives from the Attachmate Letter, such information comes after the critical date and therefore cannot form the basis of a rejection under §102(b).

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<sup>7</sup> In the present case, the Attachmate Letter does not constitute a commercial offer for sale because, as discussed more fully in Section C.3 below, the arrangements made with Attachmate were primarily for experimental purposes.



Even assuming the accuracy of the facts recited by the Examiner, however, they do not give rise to a commercial offer to sell the invention. Rather, they amount to nothing more than an indefinite and preliminary discussion of sponsorship by Attachmate of a still-developing targeted advertising system. Under *Group One* and the other cases discussed above, such an indefinite and preliminary discussion does not give rise to a commercial offer for sale.

In the Final Rejection (dated Oct. 28, 2002), pg. 8, the Examiner again refers to a discussion of the amount of \$20,000 during the telephone call. However, that discussion only served to indicate the total amount that Attachmate was willing to invest in Internet advertising – indeed, Mr. Buckingham stated that he suggested the amount because his company was under its advertising budget, so he was willing to “throw \$20,000 into this.” Buckingham deposition, pg. 72 lines 10-12. Until the Attachmate Letter was sent, there were no specific details as to what type, number, etc. of advertisements that Attachmate would receive in exchange for the \$20,000 amount.

Furthermore, the discussion of a general dollar amount all and/or desired general characteristics of an advertising system does not mean that a commercial offer for sale occurred. See *Linear Technology Corp. v. Micrel, Inc.*, 275 F.3d 1040, 1049-52, 61 U.S.P.Q.2d 1225, 1230-32 (Fed. Cir. 2001) (no on sale bar despite occurrence of activities such as: communications about pricing information with distributors and sales representatives, including at least one discussion with a potential customer; and publication and communication of preliminary data sheets and promotional information); *D&K Int'l*, 104 F. Supp.2d at 960 (meeting that included discussion of sales price but not quantity, delivery date or shipment or payment terms was not sufficient to trigger on-sale bar).

Relying on the Buckingham deposition, the Examiner also alleges in the Final Rejection, pg. 7, that the terms in the Attachmate Letter were previously agreed upon during the prior telephone call. However, Mr. Buckingham acknowledged that he merely assumed that the letter was a recollection of the call. See Buckingham deposition at pg. 59, lines 24-25. Given Mr. Buckingham's lack of memory on many key points – the deposition is filled with acknowledgements by Mr. Buckingham that he could not recall

any discussion of details (see, e.g., Buckingham deposition at pp. 42, 44-47, 58, 62) – there is nothing to establish that any terms were “agreed” to in the prior telephone call.

Further, if such “terms” had already been agreed upon in the prior telephone call, as alleged by the Examiner, it would have made no sense for Mr. O’Connor to introduce these points in the letter by stating “I suggest.” See Attachmate Letter, pg. 1. Rather, if the specific terms introduced in the Attachmate Letter had in fact been discussed and agreed to in the prior telephone call, Mr. O’Connor would have stated in the letter that these points were already agreed upon – but that is clearly not the case. Rather, the Attachmate Letter itself shows that it was a proposal being made for the first time and was not confirming a prior oral agreement.<sup>8</sup>

## 2. The Invention Was Not Ready For Patenting Prior To The Critical Date

To be ready for patenting, the invention must be “complete” rather than “substantially complete.” *Pfaff*, 525 U.S. at 66, 119 S. Ct. at 311, 48 U.S.P.Q.2d at 1646. In distinguishing a “complete” invention from one still in the “experimental phase,” 525 U.S. at 66 n. 12, 119 S. Ct. at 311 n.12, 48 U.S.P.Q.2d at 1646 n.12, the Supreme Court clearly announced that an invention that is still undergoing experimentation or testing is not “complete” and, therefore, cannot be ready for patenting. As discussed more fully in section C.3 below (experimental use), the present invention was undergoing development by the inventors at the time of the alleged sale; after the critical date the inventors were still developing the invention and they conducted substantial testing for several months thereafter. Thus, under *Pfaff*, the invention was not ready for patenting prior to the critical date.

Moreover, the arguments presented by the Examiner do not establish that the present invention was ready for patenting prior to the critical date. In the Office Action dated Oct. 24, 2001, the Examiner did not present any argument or evidence at all that the claimed invention was ready for patenting at the time of the alleged offer for sale.

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<sup>8</sup> Indeed, Mr. Buckingham acknowledged that he may have invited Mr. O’Connor to submit a proposal. See Buckingham deposition, page 72, lines 15-20.

Later, in the Final Rejection (dated Oct. 28, 2002), the Examiner attempted to present several arguments directed to this issue but, as discussed below, each of the arguments was based on a clear misapprehension of the facts.

First, the Examiner asserts that Applicants filed the patent application less than *one week* after the alleged sale took place, and that the filing of an application within such close proximity to the alleged sale constitutes ready for patenting. Final Rejection at 6. However, the application was filed on October 29, 1996, approximately a year after the alleged offer for sale took place (rather than within a week). Accordingly, as the Examiner's assertion is based upon a clear mistake, this argument lacks merit.

The Examiner next asserts in the Final Rejection (page 6) that, according to the deposition testimony of Mr. Buckingham, Kevin O'Connor told Mr. Buckingham that IAN could target ads based on, *inter alia*, utilization of AdJump. This argument, too, is based on a mistaken understanding of the facts. As demonstrated by the brief discussion of AdJump in the Attachmate letter (at page 1, paragraph 2), Mr. O'Connor was referring to tracking ad click-through activity of viewers of *non-targeted* ads -- which information was then going to be used in the future, after the non-targeted ads were placed, to determine an appropriate targeting profile. As stated in paragraph 3 of the Attachmate letter, the targeting software was not complete at the time of the letter (Oct. 30, 1995) -- which is confirmed by the Rule 132 declaration of Dwight Merriman (see paragraphs 36-37 stating that the minimal amount of code necessary for the ad server to serve targeted third-party ads was not completed until December 1995).

Next, the Examiner refers to discussion in the Attachmate Letter about targeting of ads in the present tense and deployment of "enhancements i.e., IAF within 2-3 weeks." Final Rejection, pp. 6-7. Again, the Examiner's argument is based on a mistaken understanding of the facts.<sup>9</sup> As set forth in the Attachmate Letter (page 1), IAF refers to "Internet Address Finder," an "adjunct" service that was to supply an e-mail address directory (an Internet "white pages"). This service did not involve serving ads of any kind

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<sup>9</sup> And, as set forth above, the Attachmate Letter was sent after the critical date, and thus cannot by itself be used to establish an on-sale bar.

(whether targeted or untargeted), and therefore has no bearing whatsoever on whether the claimed invention was ready for patenting.

Furthermore, mere mention of the concept of ad targeting in the telephone conversation or the subsequent letter does not establish that the invention was ready for patenting. See *Space Systems/Loral, Inc. v. Lockheed Martin Corp.*, 271 F.3d 1076, 1081 Fed. Cir. 2001) (“The fact that a concept is eventually shown to be workable does not retroactively convert the concept into one that was “ready for patenting’ at the time of conception.”).<sup>10</sup>

### 3. Experimental Use Negates the On-Sale Bar

Finally, the transaction that was the subject of the Attachmate Letter (and alleged to have taken place during the prior telephone call) was primarily for experimental purposes, and the invention remained under development and testing well after the critical date. It is well-established that experimental use negates application of the public use/on-sale bar under §102(b). *EZ Dock, Inc. v. Schafer Systems, Inc.*, 276 F.3d 1347, 1351-52 (Fed. Cir. 2002). As the Supreme Court recognized in *Pfaff*:

[A]n inventor who seeks to perfect his discovery may conduct extensive testing without losing his right to obtain a patent for his invention – even if such testing occurs in the public eye. The law has long recognized the distinction between inventions put to experimental use and products sold commercially.

*Pfaff*, 525 U.S. at 64, 119 S. Ct. at 310, 48 U.S.P.Q.2d at 1645. Indeed, experimental use is not a “defense” or “exception” to the on sale bar. Rather, if the on-sale bar is to apply, the transaction must not have been primarily for purposes of experimentation. *Allen Engineering Corp. v. Bartell Industries, Inc.*, 299 F.3d 1336, 1352 (Fed. Cir. 2002) (citing *Pfaff*, 525 U.S. at 67). And, as discussed above in Section C.2, under *Pfaff* an

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<sup>10</sup> Compare *Robotic Vision Systems, Inc. v. View Engineering, Inc.*, 249 F.3d 1307, 1312 (Fed. Cir. 2001) (ready for patenting test does not require absence of uncertainty on the part of the inventor concerning the workability of the invention prior to reduction to practice).

invention is not complete, and therefore not ready for patenting, if it is still in the experimental phase.

Evidence of experimental use includes testing needed to convince the inventor that the invention will work for its intended purpose in its intended environment. *EZ Dock*, 276 F.3d at 1352. Determining whether a transaction is not primarily for purposes of experimentation involves an assessment of the circumstances surrounding the transaction, *Allen Engineering*, 299 F.3d at 1352-53, considering a number of factors (some of which may not apply in any particular case) including:

(1) the necessity for public testing, (2) the amount of control over the experiment retained by the inventor, (3) the nature of the invention, (4) the length of the test period, (5) whether payment was made, (6) whether there was a secrecy obligation, (7) whether records of the experiment were kept, (8) who conducted the experiment, . . . (9) the degree of commercial exploitation during testing[,] . . . (10) whether the invention reasonably requires evaluation under actual conditions of use, (11) whether testing was systematically performed, (12) whether the inventor continually monitored the invention during testing, and (13) the nature of contacts made with potential customers.

*Allen Engineering*, 299 F.3d at 1353 (citing *EZ Dock*, 276 F.3d at 1357 (Linn, J., concurring)).

Evaluation of the alleged sale and the state of development of the present invention in light of these factors demonstrates that the purpose of the transaction was primarily for experimental purposes, and the invention remained in the experimental phase for several months after the critical date, as discussed below.

(a) Necessity for public testing:

The present invention is directed to technology for third-party ad serving over the Internet – a publicly-accessible network with a multitude of web sites. In order to determine whether the invention would work for its intended purpose in its intended environment, the inventors had to test the ability to serve third-party ads over the Internet upon request from users who are viewing web sites, in real time. *Merriman R.132 Decl.*, ¶¶23, 42, 46-47. For example, during the period of testing in January,

1996, the inventors planned to test targeting and frequency control, which needed to be performed "live" over the Internet; similarly, they planned a stress test to determine ability to satisfy demand. Merriman R.132 Decl., ¶42.

Indeed, as explained by Christian Knott, an independent Internet and computer technology consultant retained by DoubleClick, the present invention is a complex system highly dependent on Internet connectivity for its operation. For example, when the system is accessed, the system attempts to recognize the Internet Protocol (IP) address of the user whose system requests the ad, and it may attempt to access public databases to obtain further information about the user's network, including determining the domain name corresponding to the user's IP address, all of which depends upon Internet connectivity. Using this information, the system attempts to determine the geographic region, and the size and type of the company through which the user is accessing the Internet, and such information may be stored and used for selecting (targeting) ads for the user. Expert Report of Christian Knott ("Knott Report"), ¶¶14-16.<sup>11</sup> Furthermore, the invention must operate across disparate nodes on the Internet, nodes that are under the control of others and that have differing hardware and software implementations. Thus, the non-uniformity of nodes (including those of content providers and users) created a need to test the invention in the "real world" Internet environment. Knott Report, ¶¶17-19.

In addition, to work for its intended purpose, the system serving ads from a site different from those sites hosting desired content pages (into which the ad would be inserted) had to select and deliver ads in a quick and effective manner. And, once the ad is displayed, click-through of the ad – which takes the user to the ad-server rather than directly to the advertiser site – also requires quick and effective communications between sites over the Internet. Determining whether the invention would work in this environment required testing the ad serving technology over the Internet. Tools later

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<sup>11</sup> The Knott Report was initially prepared and submitted during the prior federal court litigation involving the issued '061 patent. A copy of this report, along with certain other documents from the litigation, was submitted to the PTO in connection with the instant reissue application.

developed that might have permitted testing in a closed network environment did not exist at the time. Knott Report, ¶¶20-23.

Finally, review of the Attachmate Letter confirms the experimental nature of the proposed arrangements. For example, the letter states that IAN (the inventors' company) would be "using IAF as the first test web site for IAN" and that this test web site would be used to contribute information used to help develop ad targeting techniques. Attachmate Letter, pg. 1 (4<sup>th</sup> paragraph from top of page, emphasis added). This was the web site on which ads contemplated by the arrangement with Attachmate would be placed. Additionally, as discussed above, the letter refers to use of information from click-throughs to help develop a targeting profile, since the targeting software was still being developed. Attachmate Letter, pg. 1 (numbered paragraphs 2-3).

Accordingly, testing of the ad serving technology using the Internet was required. See generally, Knott Report, ¶¶13-24.

(b) Amount of control over the experiment retained by the inventor:

The inventors through their company conducted all of the testing of their ad serving technology, and therefore retained control over all experimentation. Merriman R.132 Decl., ¶¶39-40, 42, 44, 46.

(c) Nature of invention:

As discussed above, the present invention is directed to technology for third-party ad serving over the Internet. To determine whether the invention would work for its intended purpose on the Internet, the inventors had to test the ability to serve third-party ads over the Internet upon request from users who are viewing web sites, in real time. Merriman R.132 Decl., ¶¶23, 42, 46-47. See also discussion in section C.3(a) (Necessity for public testing) above.

(d) Length of the test period:

Testing of the third party ad serving technology took place over a period of about 3 to 4 months, beginning in December 1995 and continuing through the beta test in March 1996. Merriman R.132 Decl., ¶¶39-40, 42-44, 46.

(e) Payment:

The payment involved with the transaction at issue was not set according to any established commercial market for targeted ads serving. Indeed, one-half of the amount (\$10,000) was for hard-coded, nontargeted ads. Attachmate Letter at pg. 1 (numbered paragraph 2); O'Connor R.132 Decl., ¶27. The balance of the amount (\$10,000) was proposed to be set aside for targeted ads; such that IAN would determine in the future the most effective way to spend the balance for targeted ads, in accordance with favorable pricing to Attachmate. Attachmate Letter at pg. 1 (numbered paragraph 3); O'Connor R.132 Decl., ¶27. The Attachmate Letter (pg. 1, numbered paragraph 3) refers to a "draft" rate sheet having ad rates for targeted advertising, indicating that there was no established commercial rate at the time, and the reference to "favorable" pricing clearly indicates that Attachmate would be getting below-market rates in any event.

(f) Secrecy obligation:

The transaction was to remain confidential until such time as there was a public announcement of IAN. Attachmate Letter, pg. 2 (numbered paragraph 6).

(g) Who conducted the experiment:

As set forth above, the inventors through their company conducted all testing of their ad serving technology. Merriman R.132 Decl., ¶¶39-40, 42, 44, 46.

(h) Degree of commercial exploitation during testing:

Examination of the state of development of the ad serving technology and the testing that was ongoing confirms that there was no commercial exploitation of the invention during the period in which the Attachmate project was carried out. At the time the Attachmate Letter was sent (October 1995) and continuing into early 1996, Mr. Merriman, one of the co-inventors, was developing the necessary ad serving software. Merriman R.132 Decl., ¶¶36-37. The first test of targeted ad serving was not done until December 1995, and test ads served for one of the test customers, ISS, was done without receiving any money for serving the ads. Merriman R.132 Decl., ¶¶38-39, 46;



O'Connor R.132 Decl., ¶31. Testing of the targeted ad serving technology continued into January 1996, and beta-testing began in March of 1996. Merriman R.132 Decl., ¶¶40-44, 47; O'Connor R.132 Decl., ¶32. The commercial launch of DoubleClick's ad serving technology did not take place until April 1996. Merriman R.132 Decl., ¶44.

(i) Invention reasonably requires evaluation under actual conditions of use:

As discussed above, the present invention is directed to technology for third-party ad serving over the Internet. To determine whether the invention would work for its intended purpose on the Internet, the inventors had to test the ability to serve third-party ads over the Internet upon request from users who are viewing web sites, in real time. Merriman R.132 Decl., ¶¶23, 42, 46-47. See also discussion in section C.3(a) (Necessity for public testing) above.

(j) Testing systematically performed:

Initial testing by the inventors showed that the concept could work, and once the software was developed, the inventors through their company conducted beta testing. Merriman R.132 Decl., ¶38, 42-44.

(k) Monitoring of the invention during testing:

As set forth above, the inventors through their company conducted all testing of their ad serving technology and observed the results of their testing. Merriman R.132 Decl., ¶¶39-40, 42, 44, 46. Indeed, with respect to the transaction at issue, the Attachmate Letter shows that the inventors were monitoring results of even nontargeted ads to help develop a targeting profile. See Attachmate Letter, pg. 1 (numbered paragraphs 2-3).

(l) Nature of contacts made with potential customers:

Prior to launch, the inventors through their company ran testing of their third party ad serving technology. Merriman R.132 Decl., ¶¶39-40, 42, 44, 46. During testing in early 1996, the inventors through their company began soliciting web sites to participate in the beta test. Merriman R.132 Decl., ¶43. The commercial launch of

DoubleClick's ad serving technology did not take place until April 1996, after the beta test. Merriman R.132 Decl., ¶44.

Upon consideration of all the relevant factors discussed above, the conclusion that the transaction proposed in the Attachmate Letter was primarily for experimental purposes is inescapable.

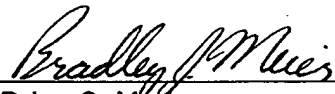
In sum, Applicants respectfully submit that the events prior to the critical date do not trigger the on-sale bar under §102(b) and, therefore, request that this rejection be overruled.

### **CONCLUSION**

Applicants respectfully submit that claims 1-57 are allowable and request reversal of all of the rejections.

Respectfully submitted,

Date: September 29, 2003

  
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**APPENDIX**

1. A network supporting the hypertext transfer protocol, comprising:
  - a user node having a browser program coupled to said network, said user node providing requests for information on said network;
  - a content provider affiliate node having a respective affiliate web site responsive to requests for information from said user node to provide media content, advertising space for display of advertising content and a link message to said user node;
  - an advertiser node having an advertiser web site including advertising content, said advertiser node responsive to a request to provide said advertising content; and an advertisement server node storing information about said user node, said advertisement server node being responsive to a request from said user node based on said link message to select said advertiser node as a selected advertiser node based upon the information stored about said user node at said advertisement server node, and identify said advertiser node as said selected advertiser node to said user node,whereby said advertising content from said selected advertiser node is displayed at said user node in response to a request sent from said user node to said advertiser node to provide said advertising content.
2. A network in accordance with claim 1, wherein said advertisement server node selects said advertiser node based on a number of times said advertising content has been previously displayed at said user node.
3. A network in accordance with claim 1, wherein said advertisement server node selects said advertiser node based on characteristics of a user.
4. A network in accordance with claim 3, wherein said advertisement server node selects said advertiser node based on at least one of the characteristics of said user selected from the group consisting of user ID, IP address, user cookie, user login code, user digital certificate, geographic location, time zone, country, domain type, Internet service provider, organization type, employer, industry type, company size, number of employees, types of advertisements previously viewed and types of advertisements previously clicked.

5. A network in accordance with claim 1, wherein said link message is an HTML tag.

6. A network in accordance with claim 1, wherein said link message is an HTTP redirect message containing an IP address used to redirect said user node to said advertisement server node.

7. In a network supporting the hypertext transfer protocol and having a user node including a browser program coupled to said network, said user node providing requests for information on said network, a content provider affiliate node having a respective affiliate web site responsive to requests for information from said user node to provide media content, advertising space for display of advertising content and a link message to said user node, a plurality of advertiser nodes, each of said plurality of advertiser nodes having a respective advertiser web site including respective advertising content, each of said advertiser nodes responsive to a respective request to provide respective advertising content, a network node comprising:

an advertisement server node storing information about said user node and responsive to a request from said user node based on said link message to select one of said plurality of advertiser nodes as a selected advertiser node based upon the information stored about said user node at said advertisement server node, and identify said advertiser node as said selected advertiser node to said user node, whereby said advertising content from said selected advertiser node is displayed at said user node in response to a request sent from said user node to said advertiser node to provide said advertising content.

8. A network node in accordance with claim 7, wherein said advertisement server node selects said advertiser node based on a number of times said advertising content has been previously displayed at said user node.

9. A network node in accordance with claim 7, wherein said advertisement server node selects said advertiser node based on characteristics of a user.

10. A network node in accordance with claim 9, wherein said advertisement server node selects said advertiser node based on at least one of the characteristics of

said user selected from the group consisting of user ID, IP address, user cookie, user login code, user digital certificate, geographic location, time zone, country, domain type, Internet service provider, organization type, employer, industry type, company size, number of employees, types of advertisements previously viewed and types of advertisements previously clicked.

11. A network node in accordance with claim 7, wherein said link message is an HTML tag.

12. A network node in accordance with claim 7, wherein said link message is an HTTP redirect message containing an IP address used to redirect said user node to said advertisement server node.

13. In a network supporting the hypertext transfer protocol and having a user node including a browser program coupled to said network, said user node providing requests for information on said network, an advertiser node having an advertiser web site including advertising content, said advertiser node responsive to a request to provide said advertising content, and an advertisement server node storing information about said user node and responsive to a request from said user node to select said advertiser node as a selected advertiser node based upon the information stored about said user node at said advertisement server node, and identify said advertiser node as said selected advertiser node to said user node, wherein said advertising content from said selected advertiser node is displayed at said user node in response to a request sent from said user node to said advertiser node to provide said advertising content, a network node comprising:

a content provider affiliate node having a respective affiliate web site responsive to requests for information from said user node to provide media content and advertising space for display of advertising content, said content provider affiliate web site further providing a link message to said user node identifying the IP address of said advertisement server node to said user node for providing advertising content for said advertising space, wherein the advertising content is selected by said advertisement server node based upon the information stored about said user node at said advertisement server node.

14. A network node in accordance with claim 13, wherein said link message is an HTML tag.

15. A network node in accordance with claim 13, wherein said link message is an HTTP redirect message containing said IP address used to redirect said user node to said advertisement server node.

16. A network supporting the hypertext transfer protocol, comprising:  
a user node having a browser program coupled to said network, said user node providing requests for information on said network;  
a content provider affiliate node having a respective affiliate web site responsive to requests for information from said user node to provide media content, advertising space for display of advertising content and a link message to said user node; and  
an advertisement server node storing information about said user node and responsive to a request from said user node based on said link message to select an advertising banner for said advertising space based upon the information stored about said user node, and to reply to said request from said user node by identifying said advertising banner to said user node,  
whereby said advertising banner from said advertisement server node is displayed at said user node in said advertising space.

17. A network in accordance with claim 16, wherein said advertisement server node selects said advertiser node based on a number of times said advertising content has been previously displayed at said user node.

18. A network in accordance with claim 16, wherein said advertisement server node selects said advertiser node based on characteristics of a user.

19. A network in accordance with claim 18, wherein said advertisement server node selects said advertiser node based on at least one of the characteristics of said user selected from the group consisting of user ID, IP address, user cookie, user login code, user digital certificate, geographic location, time zone, country, domain type, Internet service provider, organization type, employer, industry type, company size, number of

employees, types of advertisements previously viewed and types of advertisements previously clicked.

20. A network in accordance with claim 16, wherein said advertisement server node is responsive to a request from said user node to identify an advertiser web site corresponding to said advertising banner; and further including

an advertiser node having an advertiser web site including advertising content corresponding to said advertising banner, said advertiser node responsive to a request to provide said advertising content corresponding to the selection of said advertising banner by a user,

whereby said advertising content from said advertiser node is displayed at said user node in response to a request sent from said user node to said advertiser node to provide said advertising content.

21. A network in accordance with claim 16, wherein said link message is an HTML tag.

22. A network in accordance with claim 16, wherein said link message is an HTTP redirect message containing an IP address used to redirect said user node to said advertisement server node.

23. In a network supporting the hypertext transfer protocol and comprising a user node having a browser program coupled to said network, said user node providing requests for information on said network, a content provider affiliate node having a respective affiliate web site responsive to requests for information from said user node to provide media content, advertising space for display of advertising content and a link message to said user node, a network node comprising:

an advertisement server node storing information about said user node and responsive to a request from said user node based on said link message to select an advertising banner for said advertising space based upon the information stored about said user node at said advertisement server node, and to reply to said request from said user node by identifying said advertising banner to said user node, wherein said advertising banner from said advertisement server node is displayed at said user node in said advertising space.

24. A network node in accordance with claim 23, wherein said advertisement server node selects said advertising banner based on a number of times said advertising content has been previously displayed at said user node.

25. A network node in accordance with claim 23, wherein said advertisement server node selects said advertising banner based on characteristics of a user.

26. A network node in accordance with claim 25, wherein said advertisement server node selects said advertising banner based on at least one of the characteristics of said user selected from the group consisting of user ID, IP address, user cookie, user login code, user digital certificate, geographic location, time zone, country, domain type, Internet service provider, organization type, employer, industry type, company size, number of employees, types of advertisements previously viewed and types of advertisements previously clicked.

27. A network node in accordance with claim 23, wherein said link message is an HTML tag.

28. A network node in accordance with claim 23, wherein said link message is an HTTP redirect message containing an IP address used to redirect said user node to said advertisement server node.

29. In a network supporting the hypertext transfer protocol and comprising a user node having a browser program coupled to said network, said user node providing requests for information on said network, an advertisement server node storing information about said user node and responsive to a request from said user node to select an advertising banner for said advertising space based upon the information stored about said user node, and to reply to said request from said user node by identifying said advertising banner to said user node, a network node comprising:

a content provider affiliate node having a respective affiliate web site responsive to requests for information from said user node to provide media content and advertising space for display of advertising content, said content provider affiliate web site further providing a link message to said user node identifying an IP address of said advertisement server node to said user node for providing an advertising banner for said



advertising space, wherein the advertising banner is selected based upon the information stored about said user node at said advertisement server node.

30. A network node in accordance with claim 29, wherein said link message is an HTML tag.

31. A network node in accordance with claim 29, wherein said link message is an HTTP redirect message containing said IP address used to redirect said user node to said advertisement server node.

32. In a network supporting the hypertext transfer protocol and comprising a user node having a browser program coupled to said network, said user node providing requests for information on said network, a content provider affiliate node having a respective affiliate web site responsive to requests for information from said user node to provide media content, advertising space for display of advertising content and a link message to said user node, and an advertiser node having an advertiser web site including advertising content corresponding to [said] an advertising banner, said advertiser node responsive to a request to provide said advertising content corresponding to the selection of said advertising banner by [said] a user, a network node comprising:

an advertisement server node storing information about said user node and responsive to a request from said user node based on said link message to select an advertising banner for said advertising space based upon the information stored about said user node, and to reply to said request from said user node by identifying said advertising banner to said user node, wherein said advertisement server node is responsive to a request from said user node to identify an advertiser web site corresponding to said advertising banner, whereby said advertising banner from said advertisement server node is displayed at said user node in said advertising space, and whereby said advertising content [from said selected advertiser node] corresponding to the selection of said advertising banner is displayed at said user node in response to a request sent from said user node to said advertiser node to provide said advertising content.

33. A network node in accordance with claim 32, wherein said advertisement server node selects said advertising banner based on a number of times said advertising content has been previously displayed at said user node.

34. A network node in accordance with claim 32, wherein said advertisement server node selects said advertising banner based on characteristics of a user.

35. A network node in accordance with claim 34, wherein said advertisement server node selects said advertising banner based on at least one of the characteristics of said user selected from the group consisting of user ID, IP address, user cookie, user login code, user digital certificate, geographic location, time zone, country, domain type, Internet service provider, organization type, employer, industry type, company size, number of employees, types of advertisements previously viewed and types of advertisements previously clicked.

36. A network method in accordance with claim 42, wherein said advertisement server node selects said advertising banner based on characteristics of a user.

37. A network method in accordance with claim 36, wherein said advertisement server node selects said advertising banner based on at least one of the characteristics of said user selected from the group consisting of user ID, IP address, user cookie, user login code, user digital certificate, geographic location, time zone, country, domain type, Internet service provider, organization type, employer, industry type, company size, number of employees, types of advertisements previously viewed and types of advertisements previously clicked.

38. A network method in accordance with claim 42, wherein said advertisement server node selects said advertising banner based on a number of times said advertising content has been previously displayed at said user node.

39. A method in accordance with claim 37, said method further comprising:  
sending a request from said user node to said advertising server web site responsive to selection of said advertising banner at said user node;  
sending a reply from said advertising server web site to said user node identifying said advertiser web site corresponding to said advertising banner;

sending a request from said user node to said [advertising] advertiser web site to provide said advertising content corresponding to said selected advertising banner;  
sending a reply from said advertiser web site to said user node; and  
displaying said advertising content at said user node.

40. A network node in accordance with claim 32, wherein said link message is an HTML tag.

41. A network node in accordance with claim 32, wherein said link message is an HTTP redirect message containing an IP address used to redirect said user node to said advertisement server node.

42. In a network supporting the hypertext transfer protocol and including a user node having a browser program coupled to said network, a content provider affiliate node having a respective affiliate web site containing media content, advertising space for display of advertising content and an advertisement server node having an advertising server web site and storing information about said user node, a method for delivery of advertising to said user node, said method comprising:

sending a request for information from said user node to said affiliate web site requesting information;

sending a reply from said affiliate web site responsive to said request for information from said user node, said reply containing media content, advertising space for display of advertising content and a link message to said user node;

sending a request from said user node based on said link message to said advertising server web site to provide an advertising banner for said advertising space;

selecting, at said advertising server web site, an advertising banner based upon the information stored about said user node;

sending a reply from said advertising server web site identifying said advertising banner to said user node; and

displaying said advertising banner in said advertising space at said user node.

43. A network method in accordance with claim 42, wherein said link message is an HTML tag.

44. A network method in accordance with claim 42, wherein said link message is an HTTP redirect message containing an IP address used to redirect said user node to said advertisement server node.

45. In a network supporting the hypertext transfer protocol and including a user node having a browser program coupled to said network, a content provider affiliate node having a respective affiliate web site containing media content and advertising space for display of advertising content, an advertisement server node storing information about said user node, and an advertiser node having an advertiser web site including advertising content, a method for delivery of advertising content to said user node said method comprising:

- sending a request for information from said user node to said affiliate web site requesting information;

- sending a reply from said affiliate web site, responsive to said request for information from said user node, containing media content, advertising space for display of advertising content and a link message to said user node;

- sending a request based on said link message from said user node to said advertisement server node to select an advertiser node;

- selecting, at said advertisement server node, an advertiser node based upon the information stored about said user node;

- sending a reply from said advertisement server node to said user node identifying said selected advertiser node;

- sending a request from said user node to said advertiser node to provide said advertising content to said user;

- sending a reply from said advertiser web site to said user node containing said advertising content; and

- displaying said advertising content at said user node.

46. A network method in accordance with claim 45, wherein said advertisement server node selects said advertiser node based on a number of times said advertising content has been previously displayed at said user node.

47. A network method in accordance with claim 45, wherein said advertisement server node selects said advertiser node based on characteristics of a user.

48. A network method in accordance with claim 47, wherein said advertisement server node selects said advertiser node based on at least one of the characteristics of said user selected from the group consisting of user ID, IP address, user cookie, user login code, user digital certificate, geographic location, time zone, country, domain type, Internet service provider, organization type, employer, industry type, company size, number of employees, types of advertisements previously viewed and types of advertisements previously clicked.

49. A network method in accordance with claim 45, wherein said link message is an HTML tag.

50. A network method in accordance with claim 45, wherein said link message is an HTTP redirect message containing an IP address used to redirect said user node to said advertisement server node.

51. A network comprising:

a user node having a browser program coupled to said network, said user node providing requests for information on said network;

a content provider affiliate node having a respective affiliate web site responsive to requests for information from said user node to provide media content, advertising space for display of advertising content and a link message to said user node;

an advertiser node having an advertiser web site including advertising content, said advertiser node responsive to a request to provide said advertising content; and an advertisement server node responsive to a request from said user node based on said link message to select said advertiser node as a selected advertiser node, and identify said advertiser node as said selected advertiser node to said user node,

whereby said advertising content from said selected advertiser node is displayed at said user node in response to a request sent from said user node to said advertiser node to provide said advertising content,

wherein said advertisement server node selects said advertiser node based on a number of times said advertising content has been previously displayed at said user node.

52. In a network having a user node including a browser program coupled to said network, said user node providing requests for information on said network, a content provider affiliate node having a respective affiliate web site responsive to requests for information from said user node to provide media content, advertising space for display of advertising content and a link message to said user node, a plurality of advertiser nodes, each of said plurality of advertiser nodes having a respective advertiser web site including respective advertising content, each of said advertiser nodes responsive to a respective request to provide respective advertising content, a network node comprising:

an advertisement server node responsive to a request from said user node based on said link message to select one of said plurality of advertiser nodes as a selected advertiser node, and identify said advertiser node as said selected advertiser node to said user node, whereby said advertising content from said selected advertiser node is displayed at said user node in response to a request sent from said user node to said advertiser node to provide said advertising content,

wherein said advertisement server node selects said advertiser node based on a number of times said advertising content has been previously displayed at said user node.

53. A network comprising:

a user node having a browser program coupled to said network, said user node providing requests for information on said network;

a content provider affiliate node having a respective affiliate web site responsive to requests for information from said user node to provide media content, advertising space for display of advertising content and a link message to said user node; and

an advertisement server node responsive to a request from said user node based on said link message to select an advertising banner for said advertising space, and to reply to said request from said user node by identifying said advertising banner to said user node,

whereby said advertising banner from said advertisement server node is displayed at said user node in said advertising space,

wherein said advertisement server node selects said advertiser node based on a number of times said advertising content has been previously displayed at said user node.

54. In a network comprising a user node having a browser program coupled to said network, said user node providing requests for information on said network, a content provider affiliate node having a respective affiliate web site responsive to requests for information from said user node to provide media content, advertising space for display of advertising content and a link message to said user node, a network node comprising:

an advertisement server node responsive to a request from said user node based on said link message to select an advertising banner for said advertising space, and to reply to said request from said user node by identifying said advertising banner to said user node, wherein said advertising banner from said advertisement server node is displayed at said user node in said advertising space,

wherein said advertisement server node selects said advertising banner based on a number of times said advertising content has been previously displayed at said user node.

55. In a network comprising a user node having a browser program coupled to said network, said user node providing requests for information on said network, a content provider affiliate node having a respective affiliate web site responsive to requests for information from said user node to provide media content, advertising space for display of advertising content and a link message to said user node, and an advertiser node having an advertiser web site including advertising content corresponding to an advertising banner, said advertiser node responsive to a request to provide said advertising content corresponding to the selection of said advertising banner by a user, a network node comprising:

an advertisement server node responsive to a request from said user node based on said link message to select an advertising banner for said advertising space, and to reply to said request from said user node by identifying said advertising banner to said user node, wherein said advertisement server node is responsive to a request from said user node to identify an advertiser web site corresponding to said advertising banner, whereby said advertising banner from said advertisement server node is displayed at said user node in said advertising space, and whereby said advertising content corresponding to the selection of said advertising banner is displayed at said user node

in response to a request sent from said user node to said advertiser node to provide said advertising content,

wherein said advertisement server node selects said advertising banner based on a number of times said advertising content has been previously displayed at said user node.

56. In a network including a user node having a browser program coupled to said network, a content provider affiliate node having a respective affiliate web site containing media content, advertising space for display of advertising content and an advertisement server node having an advertising server web site, a method for delivery of advertising to said user node, said method comprising:

sending a request for information from said user node to said affiliate web site requesting information;

sending a reply from said affiliate web site responsive to said request for information from said user node, said reply containing media content, advertising space for display of advertising content and a link message to said user node;

sending a request from said user node based on said link message to said advertising server web site to provide an advertising banner for said advertising space;

selecting, at said advertising server web site, an advertising banner;

sending a reply from said advertising server web site identifying said advertising banner to said user node; and

displaying said advertising banner in said advertising space at said user node,

wherein said advertisement server node selects said advertising banner based on a number of times said advertising content has been previously displayed at said user node.

57. In a network including a user node having a browser program coupled to said network, a content provider affiliate node having a respective affiliate web site containing media content and advertising space for display of advertising content, an advertisement server node, and an advertiser node having an advertiser web site including advertising content, a method for delivery of advertising content to said user node said method comprising:



sending a request for information from said user node to said affiliate web site requesting information;

sending a reply from said affiliate web site, responsive to said request for information from said user node, containing media content, advertising space for display of advertising content and a link message to said user node;

sending a request based on said link message from said user node to said advertisement server node to select an advertiser node;

selecting, at said advertisement server node, an advertiser node;

sending a reply from said advertisement server node to said user node identifying said selected advertiser node;

sending a request from said user node to said advertiser node to provide said advertising content to said user;

sending a reply from said advertiser web site to said user node containing said advertising content; and

displaying said advertising content at said user node,

wherein said advertisement server node selects said advertiser node based on a number of times said advertising content has been previously displayed at said user node.

# **Exhibit**

# **C**



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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/577,798	05/24/2000	Dwight Allen Merriman	11032/5	4541
26646	7590	02/11/2004	EXAMINER HARLE, JENNIFER I	
KENYON & KENYON ONE BROADWAY NEW YORK, NY 10004			ART UNIT 3627	PAPER NUMBER

DATE MAILED: 02/11/2004

Please find below and/or attached an Office communication concerning this application or proceeding.



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**BEFORE THE BOARD OF PATENT APPEALS  
AND INTERFERENCES**

Paper No. 32

Application Number: 09/577,798  
Filing Date: May 24, 2000  
Appellant(s): MERRIMAN ET AL.

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Brian S. Mudge  
Bradley J. Meier  
Kenyon and Kenyon  
For Appellant

**EXAMINER'S ANSWER**

This is in response to the appeal brief filed September 29, 2003.

**(1) *Real Party in Interest***

A statement identifying the real party in interest is contained in the brief.

**(2) *Related Appeals and Interferences***

A statement identifying the related appeals and interferences, which will directly affect or be directly affected by or have a bearing on the decision in the pending appeal is contained in the brief.

**(3) *Status of Claims***

The statement of the status of the claims contained in the brief is correct.

**(4) *Status of Amendments After Final***

The appellant's statement of the status of amendments after final rejection contained in the brief is correct.

**(5) *Summary of Invention***

The summary of invention contained in the brief is correct.

**(6) *Issues***

The Appellants' statement of the issues in the brief is substantially correct. The changes are as follows:

Issue A has been withdrawn.

**(7) *Grouping of Claims***

The Examiner rejects claims 1-50 (Group I) and 51-57 (Group II) as standing or falling together because Appellants' brief does not include a statement that this grouping of claims does not stand or fall together and reasons in support thereof. See 37 CFR 1.192(c)(7).

**(8) *Claims Appealed***

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The copy of the appealed claims contained in the Appendix to the brief is correct.

**(9) *Prior Art of Record***

IAN/IAF Business Plan (DX2)

IAN Invoice to Attachmate (DX5)

IAN Document (DX16)

ISS Report of Targeted Advertising (DX 31)

ISS Report of Targeted Advertising (DX 32)

Letter to Christopher Buckingham, dated October 30, 1995 from Kevin O'Connor (DX38)

FocaLink Diagram (DX40)

LinkMarket's Business Brochure (DX56)

FocaLink's Business Brochure (DX 57)

IAN e-mail (DX80)

LinkMarket Business Plan (DX 89)

FocaLink Press Release titled "Hyperlink Advertising Explodes on the World Wide Web" (DX 90)

E-mail Focalink (DX93)

Wire Transaction ISS (DX106)

IAN e-mail (DX111)

Undated Screen Print of IAN ISS Targeted Ad (DX 114)

Undated Screen Print of IAN ISS Targeted Ad (DX 115)

FocaLink Media Services, Inc. (DX 215)

SmartBanner Technical Diagram (DX231)

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Direct Testimony Affidavit of Prof. Hari Balakrishnan, Ph.D

Christopher Buckingham Deposition

Ronald A. Kovas Deposition

Dewight Merriman Deposition

Kevin O'Connor Deposition

Thomas Wharton Deposition

David E. Zinman Deposition

**(10) *Grounds of Rejection***

**A. *Claims are not anticipated by Reilly***

Due to the confusion over the claims at issue this rejection has been withdrawn to simplify issues for appeal.

**B. *The Claims are not anticipated by FocaLink***

Claims 1-57 are rejected under 35 U.S.C. 102(b). This rejection is set forth in prior Office Actions, Paper No. 16 and 27.

**C. *The Claimed Invention was not on sale more than one year prior to the filing date***

Claims 1-57 rejected under 35 U.S.C. 102(b). This rejection is set forth in prior Office Actions, Paper No. 16 and 27.

**(11) *Response to Argument***

**A. *Claims are not anticipated by Reilly***

Due to the confusion over the claims at issue this rejection has been withdrawn to simplify issues for appeal.

**B. The Claims are not anticipated by FocaLink**

Applicant only argues the independent claims of Group I, i.e. 1, 7, 13, 16, 23, 29, 32, and 45, asserting that FocaLink does not disclose a system or method for selecting an advertiser node or advertising banner based upon information stored about the user node at the advertisement server node. To support this argument, Applicant states that the SmartBanner technology does not teach that it stores information based on the domain name of the user and targets from there but rather that it stores "post-buy information, i.e. demographics of those who view or click on an advertisement and the number of people who view/click on an advertisement and select an ad but rather that this information is only used to generate reports provided to advertisers and web sites.

In June 1995, Zinman completed the business plan which described FocaLink's concept for a third party ad serving system (Zinman Dep. 16:4-8; DX89). This ad serving system involved using a "third party" ad server (i.e., a server separate from the server for the web site) to deliver ads to browsers that accessed a web site (Zinman Dep. 18:7-19). This system also included the use of redirects, i.e., use of an HTTP link message to direct a user's browser to the third party ad server that selected and provided the ad banner (Kovas Dep. 19:4-5, 44:11-24). Merriman also stated that any third party ad server would have to use link messages (Merriman Dep. 90-91, 148, 254). By July 1995, FocaLink had developed a prototype of its third party ad serving system, which it demonstrated to potential investors at the Mayfield Fund without nondisclosure agreements (Zinman Dep. 27:2-23, 28:6-9). In September 1995, FocaLink began preparations for "beta testing its third party ad serving technology, which FocaLink had begun to market as "SmartBanner" (Kovas Dep. 35-36:22-19; Zinman Dep. 39-40:5-10; DX57).



FocaLink's beta test allowed ads to be targeted by the domain name of the user's web browser,, a technical capability that FocaLink had possessed since July 1995 (Kovas Dep. 18:2-20, 38:7-12, 36:14-23; DX93). In fact, FocaLink's third party ad serving technology did not significantly change from the time that it was conceived in the spring of 1995 to the end of the beta testing period (DX40, 231; Kovas Dep. 75:2-11, 152:22-23). FocaLink also distributed a diagram, as well as summary, of its third party ad serving technology to potential beta test customers without a nondisclosure agreement (DX40, 93,231; Kovas Dep. 74-75:16-12, 152:21-23, 153 10-21; Zinman Dep. 54:16-23, 55:6-16). The summary described the beta testing that FocaLink would begin in October 1995, as well as FocaLink's ability to target ads and generate performance reports (DX93). Information targeted directly to characteristics of a particular user includes the user's domain type, computer operating system and browser type, i.e. information about the user node. FocaLink did disclose a system or method for select an advertiser node or advertising banner based upon this information stored at the advertisement server node. In its Press Release, dated July 17, 1995, FocaLink specifically states that FocaLink can improve the productivity of all Web advertising space by targeting ads to customers based upon domain names, operating system, and browser employed. Applicants' argue that FocaLink does not select the ad based on the information being stored at the advertisement server node. However, this is inherent/implicit to the claim. The claim does not require that the information be stored for any length of time at the advertisement server node, only that it be stored there. In order for FocaLink's system to be able to target based upon a domain name, operating system, or browser employed, it would at least have to be temporarily stored or else the programming code could not utilize the

information. For example it might store it in a memory buffer, to utilize it, however, this still storage.

Applicant argues Group II, claims 51-57, asserting that FocaLink does not disclose a system or method wherein the advertisement server node selects an advertiser node or and advertising banner node based on a number of times the advertising content has been previously displayed at the user node as required by the independent claims. Applicant argues that the examiner's teaching is that FocaLink only teaches basing the advertisements upon the number of people per day who view/click on an advertisement and that this is not equivalent to the number of times the advertising content has previously been displayed at the user node. Moreover, Applicant further argues that the number of people per day who view/click on an advertisement is merely post-buy information used to generate reports and is not used to target the advertisements/banners.

The examiner respectfully disagree with Applicants' arguments. FocaLink teaches basing advertisements upon the number of people per day who view/click on an advertisement. This encompasses Applicants' claim language, as it is comprising claim language and the individual would be one of the number of people per day who viewed the advertisement and FocaLink is basing its decision upon the number of times the individual and others have viewed the ad.

Thus, the examiner has made a prima facie case that the FocaLink anticipates the instant application.

**C. The Claimed Invention was not on sale more than one year prior to the filing date**

Applicant's traverse the examiner's rejection of claims 1-57 under 35 U.S.C. § 102(b) based on an alleged on sale bar with a critical date of October 29, 1995, based on the parent application.

Applicant argues three main points: 1) that no commercial offer for sale was made prior to the critical date; 2) the invention was not ready for patenting prior to the critical date; and 3) experimental use negates the on-sale bar.

The Examiner argues that even a single sale or offer triggers the on-sale bar. The on-sale bar occurred prior to the critical date. There was a commercial offer for sale made prior to the critical date. The invention was ready for patenting prior to the critical date. The offer for sale was not primarily for experimental purposes and therefore does not trigger the experimental use exception. There is evidence of an actual reduction to practice of the invention prior to the critical date in the form of the prototype, i.e. sometimes referred to as the DART prototype.

**1. No Commercial Offer for Sale Was Made Prior to the Critical Date**

Applicant argues that there was no commercial offer for sale because the transaction cited by the Examiner was not specific enough under the standard set by the Federal Circuit in the *Group One* ruling, i.e. an offer which rises to the level of a commercial offer for sale, one by which the other party could make into a binding contract by simple acceptance. Applicant argues that the telephone conversation between Christopher Buckingham, of Attachmate, and Kevin O'Connor, of IAN now Doubleclick and an Applicant, does not meet the standard because:

1. It was only one phone call (see discussion below).

2. The phone call was between prior acquaintances to discuss the general concept of targeted advertising over the internet (see discussion below).

3. Christopher Buckingham requested a proposal to evaluate whether to use Mr. O'Connor's company, IAN, for internet advertising (see discussion below).

4. Mr. O'Connor spent a few days after the phone call putting together the proposal for Mr. Buckingham in a letter and that was sent after the critical date (see discussion below).

5. The telephone call lacked a number of fundamental terms required to establish a binding commercial contract (which Applicants argue are subsequently suggested in the letter sent after the critical date) including:

- Providing a specified amount of non-targeted ads over a period of several months, tracking viewer demographics and determining the most useful user profile for targeting future ads (This mischaracterizes Buckingham's testimony. He does not recall if they discussed any specifics about non-targeted vs. targeted ads and the amounts but specifically states on the page cited by Applicants that "I also don't have any reason to believe that what's outlined here is any different than what we discussed (Buckingham Dep. 60:17-25; It is item 2 in the letter and Buckingham specifically remembers discussing it during the phone conversation (*Id.* at 43: 10-4)).
- The number of ads was not specified during the phone call, but was set forth in the letter (Again Item 2. This mischaracterizes Buckingham's testimony. He does not recall if they discussed any specifics about non-targeted vs. targeted ads and the amounts but specifically states on the page cited by Applicants that "I also

don't have any reason to believe that what's outlined here is any different than what we discussed (Buckingham Dep. 60:17-25; see also discussion below). We do know an overall payment amount was discussed and accepted.).

- The timeframe over which the ads would be placed was not specified during the phone call (I guess a composite of items 2 and 3. This mischaracterizes Buckingham's testimony. He does not recall if they discussed any specifics about non-targeted vs. targeted ads and the amounts but specifically states on the page cited by Applicants that "I also don't have any reason to believe that what's outlined here is any different than what we discussed. He also recalls discussing advertisements for Netwizard, targeting airlines with a Netwizard ad. See Buckingham Dep. 60:17-25; 43-44; see also discussion below. Additionally, we do know that he expected to be invoiced and had turned the project over, thus he believed that he had purchased targeted advertising over the internet from a third party ad server from Mr. O'Connor. See discussion below. ).
- Neither a pricing structure for the ads (ad rate) nor a payment date was specified during the phone call (This mischaracterizes Buckingham's testimony. He does not recall if they discussed any specifics about non-targeted vs. targeted ads and the amounts but specifically states on the page cited by Applicants that "I also don't have any reason to believe that what's outlined here is any different than what we discussed (Buckingham Dep. 60:17-25; see also discussion below). We do know an overall payment amount was discussed and accepted.).

The Examiner, thus respectfully disagrees with the characterization of the absence of specific terms.

Nevertheless, the Federal Circuit never set the bar so high. While Applicants are essentially correct in that they utilize the standard for a commercial offer of sale set forth in *Pfaff v. Wells Electronics, Inc.*, 525 U.S. 55, 48 USPQ2d 1641 (1998), as further clarified by the Federal Circuit in *Group One Ltd. v. Hallmark Cards, Inc.*, 254 F.3d 1041, 1047-1048, 59 USPQ2d 1121, 1126 (Fed. Cir. 2001) rejecting the proposition, based upon dictum in a prior decision, that, something less than a formal offer under contract principles would suffice to trigger the on-sale bar. Applicants' extrapolation of the language from pages 1047-1048 of the *Group One* decision is flawed in that the Federal Circuit never held "that the indefinite nature of the communication (letter, meeting and telephone call discussing the patented machine and technology) and lack of specific terms (such as price and quantity) in that case did not trigger the on sale bar." The Court merely upheld the specific factual underpinnings of the District Court and indicated that it would utilize the UCC. *Group One*, 254 F.3d at 1048, 59 USPQ2d at 1126. Instead, the court noted that

they do not propose to offer rules or even binding guidance for making such determinations, which would be little more than obiter dicta. We do note in passing that contract law traditionally recognizes that mere advertising and promoting of a product may be nothing more than an invitation for offers, while responding to such an invitation may itself be an offer. *Restatement (Second) of Contracts* § 26 (1981). In any given circumstance, who is the offeror, and what constitutes a definite offer, requires looking closely at the language of the proposal itself. *Id.*

In *Group One*, the Federal Circuit stated that it will look to the Uniform Commercial Code, because "the UCC has been recognized as the general law governing the sale of goods and is another useful although not authoritative source in determining the ordinary meaning of terms

used by parties” and noted that the Supreme Court supports consulting the *Restatement of Contracts* with approval in the commercial law context. *Id.* (citing *Mobile Oil Co. v. United States*, 530 U.S. 604 (2000)). More recently, when discussing the standard for a commercial offer, the Federal Circuit has stated that “a process is a series of acts and the concept of sale as applied to those acts is ambiguous. *Minton v. Nat’l Assn. of Securities Dealers, Inc.*, 336 F.3d 1373, 1378; 67 USPQ2d 1614 (Fed. Cir. 2003). In *Minnesota Mining and Manufacturing Co. v. Chemque, Inc.*, 303 F.3d 1294, 1307-1308, 64 USPQ2d 1270 (Fed. Cir. 2002), the Federal Circuit restated its position on looking to the UCC to define whether, as in that particular case a communication or a series of communication rose to the level of a commercial offer of sale and also to looking to the *Restatement of Contracts*. (citing *Group One*, 254 F.3d at 1047-1048, 59 USPQ2d at 1126). The Court further explained that in seeking to find the boundaries of a “commercial offer,” subsequent to the *Group One* decision they utilized the *Restatement (Second) of Contracts* § 24 because the UCC did not define an offer, i.e. “the manifestation of willingness to enter into a bargain, so made as to justify another person in under standing that his assent to that bargain is invited and will conclude it”.<sup>1</sup> *Id.* (stating that here there was no commercial offer because the evidence indicates only that Ricon had sent samples of the product to various companies and this without more does not rise to a commercial sale and further noting that although testimony indicated some price quotes were requested internally for the purpose of providing them to customers the Court explained that communications between a company and its sales representatives soliciting information on pricing for a product cannot constitute an offer for sale to a customer who is not privy to the communications and further noting that there was

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<sup>1</sup> The Court cited *Linear Technology Corp. v. Micrel, Inc.*, 275 F.3d 1040, 1049-1050, 61 USPQ2d 1225, 1230-1231

no evidence of price quotes being sent to customers in any particular instance). Thus, in light of the case law from the Federal Circuit, there is no absolute requirement that the offer contain certain specifics as long as it can meet the *Restatement*. Thus, the examiner is not persuaded by Applicants' recitation of case law and litany of items required to make the telephone conversation into a formal offer.

As set forth in the analysis of the Federal Circuit's line of reasoning, the transaction cited by the Examiner meet the standard set by the Federal Circuit for establishing a commercial offer for sale. The complex facts that Applicants' suggest adopting are just not required. The telephone call, as memorialized in the letter (DX 38) contained enough facts upon which to establish a *prima facie* case of a commercial offer for sale by a preponderance of the evidence. It is undisputed that the telephone call took place prior to the critical date. See Appeal Brief at pg. 9. It is also undisputed that Mr. O'Connor, one of the Applicant's called Mr. Buckingham. *Id.* What is disputed, is the purpose of the telephone conversation and its content. Applicant cites O'Connor's Declaration throughout his brief to support facts about the content of the telephone conversation. The Examiner does not find the O'Connor Declaration persuasive because it appears to be inconsistent on several points with the facts, his own deposition testimony, Mr. Buckingham's Deposition testimony and the letter. For example, Mr. O'Connor's Deposition specifically states that he does not specifically recall what he talked about to Mr. Buckingham regarding the technology, whether he asked him to become a sponsor or any amount of money and contradicts himself in the letter in which he states "I am pleased that you will be one of our initial advertising sponsors." (utilizing past tense shows that an



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agreement was reached) "Wayne should begin work on creating one or more ads to be used." (again indicating that there was an agreement that they were in business together) "We are excited about working with you." (utilizing past tense shows that an agreement was reached) and Buckingham's own sworn testimony. (O'Connor Dep. 223:5-225-6, DX 38).

Another contradiction is the characterization of the relationship between Mr. O'Connor and Mr. Buckingham, as set forth in the O'Connor Declaration as "friends" (O'Connor Declaration, paragraph 24). Mr. Buckingham characterized their relationship differently than Mr. O'Connor stating that even during the time frame of the 1980s to April of 1992 that it was mainly a vendor-customer relationship and even though they may have gotten together socially on occasions it was mainly business-related (Buckingham Dep. 19:2-21). Buckingham additionally states that he had little interaction with Mr. O'Connor from 1992-1994, except during the 1994 time period when he might see him every three or four months, when he would stop in the office and say hello, principally as Mr. Buckingham viewed it to keep Mr. O'Connor's Open Mind product in view of the Unisys sales and marketing people in Cincinnati (*Id.* at 20-26). Buckingham additionally states that from the time Mr. O'Connor left Attachmate up through 1995 he had virtually no contact with him. (*Id.* at 26:21-27:8). Thus, Mr. Buckingham did not believe that he and Mr. O'Connor were friends. This is in direct contradiction with the O'Connor Declaration at Paragraph 24 and nowhere is his relationship supported in Mr. O'Connor's Deposition other than a brief statement that they were friends, even Mr. O'Connor's own deposition characterizes their relationship as being primarily business associates and does not demonstrate any prolonged contact (O'Connor Dep. 210:2-23). Unlike Mr. O'Connor's testimony about being friends with Mark Duffy, where he stated that he was a

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good friend of the family, the kids played together, and I could talk to him confidentially just to get his feedback on what we were doing (*Id.* at 232:15-25).

Mr. Buckingham stated that the letter dated October 30, 1995 refreshed his recollection of the telephone conversation with Kevin O'Connor but that he did no other preparation for his deposition (Buckingham Dep. 53-54:24-19; 55-56:18-21). According to Mr. Buckingham, none of the conversation with Mr. O'Connor was devoted toward his seeking advice on what his new adventure was doing or with Mr. Buckingham helping him to gain a better understanding of whether or not internet advertising would be important (*Id.* at 42:14-22). Mr. Buckingham specifically stated he considered the telephone conversation to be a sales call (*Id.* at 42-43:23-1). This is in direct contradiction to the O'Connor Declaration paragraph 24. It also implicitly is contradicted by the O'Connor's Deposition testimony where he stated that does not recall much of the conversation with any detail, admitted to discussing the technology, admitted to discussing the overall ability to target your audience, and admitted to discussing be on one or more web site and sort of to able to measure the effectiveness of that advertising (O'Connor Dep. 221-225:17-1). Mr. Buckingham stated that Mr. O'Connor discussed the ability of the internet to target ads to people who were surfing the net and that he could target ads based on interpreting the demographics of the people surfing the net, i.e. through the TCP/IP address. (Buckingham Dep. 32:19-21; 33:3-12; 71:14-16). Additionally, Mr. O'Connor further disclosed a range of products and services related to advertising on the internet that he could provide and that his software could utilize banner ads and target people/customers, job types, or accounts that O'Connor proposed to Buckingham that he could receive these services in exchange for \$20,000. (*Id.* at 35:2-16; 36:9-25; 39:5-11; 72, lines 5-14). Again this is a contradiction to the O'Connor

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Declaration at paragraph 27 where he indicated that he did not propose any sort of spending until the letter. This is also implicitly contradicted in his deposition, as he testified that he does not recall whether he made a proposal and even admits that it might have been a possibility but only believes he would not have done so (O'Connor Dep. 224-225:24-6; 241-242:2-25). It was during that telephone conversation that Christopher Buckingham on behalf of Attachmate agreed to become one of Mr. O'Connor's initial advertising sponsors for targeted advertising and would receive the aforementioned services in exchange for \$20,000. (Buckingham Dep. 37-38:23-11 and 64-65:17-14) Mr. O'Connor further indicated that he would provide feedback/reports on the advertising. (*Id.* at 34, 2-8). Additionally, Buckingham was expecting to be invoiced based upon the telephone call (*Id.* at 48:22-24).

Mr. O'Connor stated that after the telephone call he put together a proposal for Mr. Buckingham and mailed it after the critical date (O'Connor Declaration para. 26). However, this is in contradiction to Mr. Buckingham's recollection of the facts. He did not recall requesting a proposal and he recalled quite clearly that he just said "I can throw \$20,000 into this." and although he admitted there is a chance he could have requested a proposal it is unlikely, it would not have been unusual for him to commit the money without a proposal (Buckingham Dep. 48-49:16-3; 72-73:5-8). The letter supports Buckingham's position that it was not a requested proposal but merely a confirmation of a telephone conversation that had taken place (DX 38). It is also Buckingham's recollection that the letter is a confirmation of the telephone call (Buckingham Dep. 38-48 discusses the letter in a point by point analysis and Buckingham states that the six items listed memorialize the contents of his telephone conversation with O'Connor).

Thus, looking to the evidence of the record, there is a prima facie case by a preponderance of the evidence that a complete/formal offer was made under the Restatement and the UCC.

By generating the sales call with all of the specific information about the technology, what it could provide, the related services, and asking for the \$20,000, Mr. O'Connor was manifesting a willingness to enter into a bargain, so made as to justify another person in understanding that his assent to that bargain is invited and will conclude it. Mr. Buckingham accepted the offer on the telephone, as evidenced by his deposition testimony and the letter. It is specific enough under the standards enunciated by the case law as there is a price, services, an explanation of the technology underlying the services being deliver, etc.

One could also analyze Christopher Buckingham's behavior under the UCC § 1-205 and look to his course of dealing and evidence of practice within the industry. Mr. Buckingham states that it would have been his practice, i.e. course of dealing to make a \$20,000 commitment from a vendor without a written proposal depending upon with whom he was doing business (Buckingham Dep. 72-73:21-8). He stated that he was very interested in the whole situation and he knew Mr. O'Connor and his reputation and therefore it would not have been unusual (*Id.*). This coupled with the offer and acceptance, as set forth above would also rise to a prima facie case of a complete offer.

Thus, there was a commercial offer for sale made prior to the critical date.

2. The Invention was not Ready for Patenting Prior to the Critical Date

Applicants' argue that under *Pfaff*, their invention was not complete because it was still in the experimental phase. Applicants' are mixing two separate arguments "ready for patenting" and the exception "experimental use." It is still necessary under *Pfaff* to determine if an

invention can be ready for patenting under the second prong of *Pfaff*. As Applicants' argue "ready for patenting" and "experimental use" separately, I will argue follow suit. First, whether there was a complete invention, as required by *Pfaff*. *Pfaff* does not require that the invention be reduced to practice and in fact under *Pfaff* it can be complete without reduction to practice. *Pfaff*, 525 U.S. 55, 66 (1998). Under *Pfaff*, it is sufficient that prior to the critical date the inventor had prepared drawings or other descriptions of the invention that were sufficiently specific to enable a person skilled in the art to practice the invention. *Id.* at 67.

Applicants' did not give the address the "ready for patenting" issue until just before the Final Rejection. This is the Examiner's first chance to reply and as such, the Examiner will bolster the arguments of ready for patenting with documents already made of record in the IDSs. However, first the examiner will address Applicants' arguments.

The first argument asserted by the Examiner about the filing of the application was a misstatement and is withdrawn.

As to the second argument asserted by the Examiner about utilization of AdJump and the Deposition Testimony of Mr. Buckingham. The examiner will tie all of this together below.

As per the argument advanced by the Examiner that the proof was demonstrated in the Buckingham letter. Applicants' assert that the Examiner misunderstood the facts and that they were not speaking about IAN but about hard-coded ads. The Examiner respectfully disagrees with the characterization of her arguments. The letter clearly states "In addition, IAF will contribute "intelligence" (i.e. user names and more detailed demographics) to IAN to even further improve our targeting techniques. Applicants' then cite *Space Systems/Loral, Inc. v. Lockheed Martin Corp.*, 271 F.3d 1076, 1081 (Fed. Cir. 2001) to try to support the fact that the

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mention of the concept of ad targeting in the telephone conversation or the subsequent letter does not establish that the invention was ready for patenting because it stands for the proposition that a concept that is retroactively shown to be workable does not convert into one that was "read for patenting" at the time of conception. Here the facts are slightly different. The letter is written only one day after the critical date, not even a full 24 hours have passed. O'Connor admits to working on the letter through the weekend (O'Connor Declaration para. 24). Thus, it is implicit that it was ready for patenting. Moreover, the telephone conversations and the letter, memorializing it do not need to show each and every feature. The Federal Circuit had deemed it irrelevant whether the proposals expressly identify the limitations of the invention or whether the buyer is even aware of their significance at the time and held each and every feature inherently contained the claim limitations of the patented process, it would trigger the on-sale bar. *See Scaltech Inc. v. Retc/Tetra, L.L.C.*, 156, 156 F.3d 1193, 1194 (Fed. Cir. 1998), amended by 178 F.3d 1378, 1383 (Fed. Cir. 1999). These features were inherently shown to be contained within the product offered and sold, as set forth in the letter, as demonstrated by the IAF's Business Plan and supported by the prototype, and deposition testimony. Applicants' invention was "ready for patenting" because the claims of the invention were known and conveyed with adequate specificity through IAF's Business Plan prior to the critical date. *See Weatherchem Corporation v. J.L. Clark, Inc.*, 163 F.3d 1326, 1334 (Fed. Cir. 1998); *Vanmoor v. Wal-Mart Stores, Inc.*, 201 F.3d 1363, 1367 (Fed. Cir. (2002)). Additionally, as set forth above, Buckingham was convinced enough by O'Connor's telephone call that he committed to \$20,000 worth of targeted advertising with IAN prior to the critical date and expecting to be invoiced for the product.

Finally the examiner will show that under *Pfaff*, the invention was ready for patenting because the inventor had prepared drawings or other descriptions of the invention that were sufficiently specific to enable a person skilled in the art to practice the invention. IAF/IAN had developed a function ad serving prototype in September 1995 (DX 2, 16). In a September 1995 version of the business plan for the IAF business plan graphically sets forth the architecture of their ad serving technology (DX2 at DC 048926-29). The IAF Business Plan describes a third party ad serving system, illustrated in part on page 7, and labeled "IAF Architecture," that operates over an HTTP network and includes a web user, a Content Site, and Advertiser Site, and an HTTP server that operates as the Ad Server Process (DX2 at DC 048926-29). In fact, the architecture depicted in this initial business plan contains many elements of the '061 patent, i.e. the reissue patent, and the architecture set for in the IAF business plan, are functionally identical (for a graphical representation see Balakrishnan Aff. at 26).

The IAF Business Plan explains that the Ad Server *Process* delivers targeted advertising banners to web users who access the various publisher sites, and that, to accomplish this, the publisher sites insert specialized HTML code into the publisher's HTML pages (Balakrishnan Aff. at 26). This HTML code disseminated from the web site is in the form of a "link message" (Balakrishnan Aff. at 26).

The Ad Server Process described in the IAF Business Plan is designed to deliver targeted ads to the user's browser whenever the user accesses a web page of an IAF web site containing a "link message" (Balakrishnan Aff. at 27; DX 2). As show in the figure on pg. 7 of the IAF Business Plan, the IAF web site does not communicate directly with the Ad Server Process to deliver the ad to the user (Balakrishnan Aff. at 27; DX2 at DC048926). Instead, the user's

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browser (1) receives the "link message" from the web site, and (2) passes the "link message" to the Ad Server Process to initiate ad selection and delivery. (Balakrishnan Aff. at 27).

One of ordinary skill in the art would have known how to (1) configure and run an HTTP server to accept this "link message" from the user's browser; (2) obtain HTTP header information (e.g. the user's browser type, the user's operating system) and the IP address from the incoming request; (3) select an ad based on some or all of this information using a simple look-up table, e.g., by mapping the HTTP header information to one of several ad banner files; and (4) return the selected ad to the user's browser (Balakrishnan Aff. at 28). Additionally, the IAF Business Plan is filled with references to targeting or matching ads based on a number of different criteria (Balakrishnan Aff. at 28).

The use of a link message as set forth in the IAF Business plan was employed by Merriman prior to October 29, 1995, when he tested an implementation of such an embedding of an image tag, where the location of the object was on a different web server than the one from which the HTML page originated (Balakrishnan Aff. at 25; Merriman Dep. 44-45:9-19). This is a simple example of the type of HTML code that the IAF Business Plan indicates should be placed in the web site's HTML pages to permit the Ad Server process to deliver advertising banners to the user (Balakrishnan Aff. at 25).

According to the IAF Business Plan, the returned selected ad banner is displayed at the appropriate location (e.g., as specified in the image tag of the "link message") on the user's display (Balakrishnan Aff. at 29; DX2). The aggregation of content from various locations on the Internet was a standard feature of the World Wide Web prior to October 29, 1995. (Balakrishnan Aff. at 29).



In addition, one of ordinary skill in the art would have known how to implement additional features disclosed in the IAF Business Plan, such as those related to “AdJumps” using a stand feature of HTTP, i.e. HTTP redirection. (Balakrishnon Aff. at 28).

Finally, the use of the advertisement server node selecting the advertiser node based upon the number of times the advertising content has been previously displayed at the user node is taught in the IAF Business Plan (DX2 DC048927-28 and DC 048924). The IAF Business Plan enables selection of the ad banner through interactively creating a user profile by selecting certain criteria, including items from a web site profile, which includes the number of times an ad has been viewed (Id.) As previously set forth, this is merely then a selection of an ad based on some information in a simple look-up table, e.g. by mapping the HTTP header information to one of the several ad files and returning the selected ad to the user’s browser and would have been known to one of ordinary skill in the art (Balakrishnan Aff. at 28).

The Examiner has attached a table with a full explanation of the ready for patenting explanation, comparing the original claim 16 of the patent with claim 16 and 53 of the application. Changes from the original claim are in bold. Only claims 16 and 53 of the Application were analyzed because they embody the Applicants’ arguments.

It is also noted that when discussing the potential risks that the company faced by way of competition, the IAF Business Plan also included a notation that the company did “not believe the product is patentable” (DX2 at DC048936).

Thus, the Examiner has demonstrated that at the critical date, under the second prong of the test in Pfaff, the invention was ready for patent

Moreover, there is actual evidence of reduction to practice prior to the critical date. IAF/IAN had developed a function ad serving prototype in September 1995 (DX 2, 16, Merriman Dep. 32:5-34:11). In a September 1995 version of the business plan for the IAF business plan graphically sets forth the architecture of their ad serving technology (DX2 at DC 048926-29). The IAF Business Plan describes a third party ad serving system, illustrated in part on page 7, and labeled "IAF Architecture," that operates over an HTTP network and includes a web user, a Content Site, and Advertiser Site, and an HTTP server that operates as the Ad Server Process (DX2 at DC 048926-29). In the Merriman Deposition, they speak about DX16, which clearly refers to the prototype and its being marked as done. Merriman, then tries to wiggle and say well no, it was only about 75% done. There is other direct evidence, which contradicts this and his Declaration, as well as that of Mr. O'Connor.

IAF/IAN generated advertising reports for ISS test ads reflecting that IAF/IAN was serving ISS ads during the October 1, 1995-November 12, 1995 time frame (DX 31-32). These advertising reposts also contain detailed information relating to targeting issues, such as ranking response rates by user characteristics, such as, "Domain Type," "Industry Type," and "User Interests," and include a chart that summarizes "Savings Realized by Targeting" (DX 31, 32). Undated screen prints of IANS's web pages that include ISS ad banners at the top of the page confirm that IAN served ads for ISS in late 1995 and early 1996. (DX 114, 115). Note that this directly contradicts Merriman's own Declaration and Deposition testimony where he stated that no ads had been served at all prior to December 1995. Merriman's testimony on this issue is that he is not sure whether they delivered targeted ads for ISS during that time, that they ran at a later date or on the last day of the report (Merriman Dep. 270-271:21-13). He believes it was only a

mock-up and used for potential marketing because they do not use that style of reporting today but that there is absolutely no way to go back and check if any ads were served in October and moreover, he is the only one who would know because he is the only programmer and so he would double check with O'Connor (*Id.* at 270-273:15-17). Additionally, the Examiner notes that Merriman does admit that at some point the ISS ad ran as a test ad not a paying ad and he correlates it with an e-mail in December (*Id.* at 277-278:9-16). Moreover, when questioned, O'Connor's Deposition testimony is equally as vague. He does not recall serving ads for ISS during the October 1995 time frame, admits that they might have served hardcoded ads at IAF for ISS but does not believe that DART was operational. O'Connor does state with regard to DX32 but that he is certain that it is a mock-up because a lot of the things were never put into the system and they were never capable of doing so. The Examiner is persuaded that the ads ran at the times stated because we have actual documentation showing that they ran, refusal to answer any questions about the prototype (DART commercialization during the critical period), and because the recollections of Merriman and O'Connor are not concrete but rather in the form of not recalling if they ran, i.e. they could have but I don't believe they did and this conflicts with the exacting statements of their Declarations, including the fact of a functioning prototype being done in September. The Examiner notes that the prototype, Internet connection, initial IP-DB were all completed by October 1995, according to Applicants' own records (DX 16).

There is additional support that a reduction to practice occurred prior to the critical date. In mid-December 1995, O'Connor and Merriman demonstrated IAN's central ad serving capability for Tom Wharton, Poppe Tyson's CFO (Wharton Dep. 50-51:5-25). It was Wharton's impression, based upon his conversations with O'Connor and Merriman as well as his

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observations, that the IAN ad server had been functioning for some period of time (*Id.*).

According to Wharton it had been up and running for three to six months, and O'Connor and Merriman had done a substantial amount of work in building its applications (*Id.*).

Not only have the facts demonstrated the second prong of *Pfaff*, but they have also demonstrated that Applicants' had sufficient grasp a sufficient grasp of the invention, a model (i.e. the prototype), and later produced the ads for others, Applicants' did invoice Buckingham that were the subject of the sale, thus demonstrating that Applicants' had confidence that their invention was complete and operative as reflected in the fact that the sale was for a commercial quantity. See *STX, L.L.C. v. Brine, Inc.*, 211 F.3d 588, 54 U.S.P.Q.2d 1347 (Fed. Cir. 2000)(further showing that the invention was "ready for patenting").

*Additional Points re Commercial Offer for Sale and Ready for Patenting*

Assuming arguendo, that there was only the prototype and that the IAF Business Plan is equivalent to a written description to be given to a programmer to implement, but no alpha or beta product available at the time of the telephone conversation between O'Connor and Buckingham. The Examiner notes that inventors or organizations will solicit customers for software conceived, but not yet developed, to determine whether further development merits the investment and others will engage in the same activity to dissuade others from buying the competitor's product. This conduct is so pervasive throughout the industry that it has acquired its own name – vaporware. See Ronald N. Weikers, "Computer Malpractice" and Other Legal Posed by Computer "Vaporware," 33 Vill. L. Rev. 835, 840 (1988) (defining vapourware as "a computer product which, unknown to the purchaser, has not yet been created or perfected). While, Applicants' were past the point of vaporware, they were still behaving is a very similar

fashion. The Examiner notes that the analysis under *Robotic Vision Systems, Inc. v. View Engineering, Inc.*<sup>2</sup> would be consistent to apply to Applicants' about whether they were ready for patenting. In Robotics, a co-inventor explained the later patented invention to a software programmer prior to the critical date and asked him to write the software. This explanation was sufficiently specific for the programmer to understand the invention and to write the software needed to implement the method. The Federal Circuit held that it was irrelevant that the software was not reduced to practice prior to the critical date, since it was ultimately completed based on the description that was orally given. The Court held that because the description was sufficiently specific to enable the programmer, a person of skill in the art, to practice the invention, the invention was complete, and therefore, "ready for patenting," at the time the oral explanation was given. Here we have an expert affidavit of Prof. Hari BalaKrishnan, Ph.D. stating that one of ordinary skill in the art could have followed the IAF Business Plan and write the necessary software to implement the network and method. Additionally, Applicants' did follow the Plan and implement the network and method. Assuming Applicants' facts, as demonstrated above, they had a prototype in September around the same time, an alpha version within 3 months (December), and a beta version and production version one month later (January) (DX 16). Moreover, their own Plan states that others can replicate their work in as little as 6-12 months, indicating the level of skill needed to follow their plan and code it (DX 2).

### 3. Experimental Use Negates the On-Sale Bar

The Examiner recognizes that the Board has the Power to examiner or reexamine patent claims and raise issues sua sponte. "The members of the Board of Appeals are denominated

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<sup>2</sup> 249 F.3d 1307 (Fed. Cir. 2001).

'examiners-in-chief' both 35 U.S.C. 3 ('Officers and employees') and 35 U.S.C. [6]. The title chosen by the Congress implies that the members of the board have authority to examine or reexamine appealed claims. [Emphasis in original]."

The Examiner also notes that the Board is titled the "Board of Appeals"<sup>3</sup> and not the 'Board of Initial Examination.' By restricting the Board to only *appeals*, the Board's valuable time will not be wasted. The examiner notes that nowhere in any of their papers did Applicants' present any arguments directed to experimental use.<sup>4</sup> Applicants' experimental use argument is an entirely new argument composed of eleven sub-arguments. Applicants' thoroughly addressed both the commercial offer for sale and ready for patenting issues at every opportunity.<sup>5</sup> Furthermore, while the Examiner recognizes that due process is an important consideration of the USPTO, Appellants are not pro se and are represented by presumptively competent counsel who could have raised any issue deemed meritorious to their case prior to this appeal.

Thus, the question posed by the experimental use doctrine, assessed under the first prong of the two-part on-sale bar test of Pfaff, is not whether the invention was under development, subject to testing, or otherwise still in its experimental stage at the time of the asserted sale. Instead, the question is whether the transaction constituting the sale was "not incidental to the primary purpose of experimentation," i.e., whether the primary purpose of the inventor at the time of the sale, as determined from an objective evaluation of the facts surrounding the transaction, was to conduct experimentation. *Scaltech, Inc. v. Retec/Tetra, L.L.C.*, 178 F.3d 1378, 1384 n.1, 51 USPQ2d 1055, 1059 n.1 (Fed. Cir. 1999). The examiner contends that the sale was primarily commercial in nature and not experimental.

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<sup>3</sup> The formal name as established in 35 U.S.C. §6(a) is the "Board of Patent Appeals and Interferences".

Applicants' whole basis of their experimental use argument is that there was a necessity for testing of the IAN/IAF system on the Internet after the critical date. The examiner disagrees for two reasons: 1) Applicants' failure to communicate to Buckingham that the offer/sale was for experimental use is fatal to their experimental use argument; 2) the activity undertaken was not primarily for experimental purposes but rather was primarily a commercial exploitation with relation to Buckingham 2) there is absolutely no showing that the alleged experimental testing caused Applicants' to make any changes to the reduction to practice of claimed patent and therefore any testing is immaterial.

Thus, the Examiner looks to the facts of the transaction to determine whether it was primarily for commercial exploitation or for experimental use. First the examiner notes that what is important to an assessment of the commercial versus experimental significance of a sale is no necessarily the posture of the invention's overall development, but the nature or purpose of the particular use to which the invention is applied, i.e. "the experimental exception applies only if the commercial exploitation is merely incidental to the primary purpose of experimentation to perfect the invention." See *Manvillvel Sales Corp. v. Paramount Sys., Inc.*, v. 917 F.2d. 544, 550 16 USPQ2d 1587, 1592 (Fed.Cir. 1990); *Barmag Barmer Maschinenfabrik AG v. Marate Mach., Ltd.*, 731 F.2d 831, 839, 221 USPQ 561 567 (Fed. Cir. 1984)(quoting *In re Theis*, 610 F.2d 786, 793, 204 USPQ 188, 194 (CCPA).

The evidence of record makes it difficult to conclude that the primary purpose of the sale to Mr. Buckingham was experimentation. The sale to Mr. Buckingham was a commercial sale of an targeted ad system without assurances demanded or obtained by the seller that the targeted

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<sup>4</sup> See Request for Reconsideration, Paper 19 or Amendment C, Paper 24.

ads would be placed for any specific duration of time or would be subjected to any sort of test on the Internet such as further targeting development, frequency control stress testing to determine ability to satisfy demand or testing the system to determine/develop the quickness of the ads being served. The only limitations on Mr. Buckingham and Attachmate were that the agreement, i.e. the terms of the transaction were to remain confidential until the public announcement of IAN. There were no confidentiality agreements about the technology itself. Buckingham also states that he does not recall anything in the telephone conversation about keeping the agreement confidential until the public announcement of IAN (*Id.* at 48:1-8). There were no restrictions, and no effort to impose on Mr. Buckingham or any transferee any obligation to assist or permit use of other internet third party ad services. There were no specific tests contemplated nor a period of time envisioned over which the tests would be undertaken at the time of the sale. The invoice sent by IAN to Attachmate does not indicate that the delivery was for an evaluation period, experimental product and it was for a commercial quantity of targeted ads to be determined (DX5). While the inventors conducted all of the testing of their ad serving technology, the evidence does not demonstrate that they retained control over the experiment. The experiment relied upon compliance of three distinct groups beyond the "control" of the inventors, the "users," the "content providers," and the "advertisers." Without such agreements, there is no control groups, no ability to test for the very problems that Applicants' have stated necessitated the public testing, i.e. targeting and frequency control, stress testing, testing the operability of ad targeted serving technology through the various hardware and software of the multiple parties, which is dependent upon Internet connectivity (Knott Report), and the ability to

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<sup>5</sup> *Id.*



test the quickness. No evidence has been provided demonstrating Mr. Buckingham's or Attachmate's (or for that matter any other parties) agreement to participate in the experiments, i.e. contracts, non-disclosure agreements, etc. Thus, simply conducting all of the testing does not mean that the inventors kept sufficient control of the "alleged" experiment. "[A] use cannot be experimental if the inventor failed to maintain sufficient control over the invention and its testing." *Lough v. Brunswick Corp*, 103 F.3d 1517, 1526, 41 USPQ2d 1385, 1393 (Fed. Cir. 1997)(declining suggestion for rehearing en banc) (Michel, J., dissenting); *Paragon*, 984 F.2d at 1187, 25 USPQ2d at 1565. *See also* Rooklidge and Jensen, Common Sense, Simplicity and Experimental Use Negation of the Public Use and On Sale Bars to Patentability, 29 J. Marshall L. Rev. 1, 29 n. 144 (1995). Thus record in this case fails to show "sufficient control," by the inventors after the sale transaction was consummated.

Additionally, there was commercial marketing activity by Mr. O'Connor who initiated the purchase with Mr. Buckingham, Mr. Buckingham will receive favorable pricing but that does not mean discount pricing, as alleged by Applicants' (he is performing services for them and is one of the first people to buy their services). The relationship between Buckingham and O'Connor during the telephone sale was that of one Director of Marketing to a sales person (Buckingham Dep. 23-29). O'Connor proposed specific targeting services that his company could provide in exchange for specific compensation and reports that would be valuable to Buckingham in terms of understanding the value of internet advertising in general and Buckingham recollects that O'Connor promised he would do the targeting over a certain period of time or a certain period of sites, but does not recall the specifics and believes it is outlined in the letter (*Id.* at 35-36:2-4). Buckingham states that he believed the rates were good for the time

period and the reporting to be beneficial (*Id.*) O'Connor spoke of placing ads, targeting customers based on their ability to interpret the TCP/IP address, job types through some kind of software (*Id.* at 39:5-18). Buckingham states that it was a sales call and that he did not provide O'Connor with any advice about running his company or helping O'Connor gain a better understanding of whether Internet advertising would be important (*Id.* at 40-41:2-1).

Buckingham stated that O'Connor spoke of sponsorship for his company or technology and in return they would guarantee them so many targeted ads and reports on feed or click-throughs during the telephone conversation but did not say what sponsorship meant and he looked at it as just a way of getting some targeted ads on the Internet and not as being particularly meaningful (*Id.* at 34:2-16). During the phone conversation Buckingham agreed to become a sponsor (*Id.* at 38:4-11) and that he never expected to get the letter and does not recall asking for a proposal but rather that they would do the work in conjunction with what they had spoken about and be invoice (*Id.* at 48:16-7; 72-73:15-8; Buckingham discussing that while it might be possible that he requested a written proposal, he recalls agreeing to it right on the telephone because he was substantially under budget on advertising and it wouldn't have been unusual in light of the circumstance to make a \$20,000 commitment with a vendor that he knew, knew the vendor's reputation, knew that he was interested in the product; O'Connor on the other hand does not recall anything of substance about the conversation regarding these issues, see discussion above). The facts are consistent with an arms-length commercial sale. For a complete discussion see the Commercial Offer for Sale Section.

There is no evidence anywhere that the purchase was for a trial product or that Buckingham was investing in an experimental product. Even the confidentiality clause in the

letter memorializing the conversation, is in terms of the agreement remaining confidential not any aspects of the technology. The terms of the agreement are merely what Attachmate and IAN agree to do for each other. There is no evidence of a non-disclosure agreement between the parties. The letter, memorializing the conversation, as set forth above, specifically states, "I enjoyed our discussion last week and am pleased that you will be one of our initial advertising sponsors." As set forth above, Buckingham goes through each of the 6 items and remembers parts of discussion on all but the confidentiality. As for pricing, it states that Attachmate will receive most favorable pricing but does not indicate that they will be receiving a discount and IAN is receiving consideration for this favorable pricing from Attachmate.

The first prong of the Pfaff test for establishing an on-sale bar to issuance of a patent involves a determination of whether a commercial offer for sale has occurred, applying traditional contract law principles. This analysis has been set forth above in the Commercial offer for Sale Section. It also involves an assessment of whether the circumstances surrounding the transaction show that the transaction was not primarily for purposes of experimentation and is being treated under the Experimental Use Section. This has been briefly summarized above and will now be treated in depth. In assessing experimentation, the United States Court of Appeals for the Federal Circuit has considered a number of factors, not all of which may apply in any particular case. These factors include (1) the necessity for public testing, (2) the amount of control over the experiment retained by the inventor, (3) the nature of the invention, (4) the length of the test period, (5) whether payment was made, (6) whether there was a secrecy obligation, (7) whether records of the experiment were kept, (8) who conducted the experiment, (9) the degree of commercial exploitation during testing, (10) whether the invention reasonably

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requires evaluation under actual conditions of use, (11) whether testing was systematically performed, (12) whether the inventor continually monitored the invention during testing, and (13) the nature of contacts made with potential customers.

A showing that a patentee did not clearly communicate to the buyers that the use was to be for experimental purposes makes recourse to experimental negation of the on-sale bar to issuance of a patent questionable. In this case, Applicants' did not clearly communicate to Mr. Buckingham and Attachmate that the use was for experimental purposes. Applicants' argue that the Attachmate Letter (DX38) communicates to Mr. Buckingham and Attachmate confirms the experimental nature of the proposed arrangements because it discusses using their own web site as the first test web site for "IAN" and that this test web site would be used to contribute information used to help develop ad targeting techniques. Actually what the letter states is that IAF will "contribute 'intelligence' (i.e. user names and more detailed demographics to IAN to **even further improve** our targeting techniques." [emphasis added]. This statement strongly implies that IAN can already target ads and they are just testing it on their web site to improve its abilities. Applicants' further argue that because the letter refers to utilizing click-throughs to help develop a targeting profile, since the targeting software was not developed that this means that they communicated to Mr. Buckingham that he was participating in an experimental project/use. However, that is not was items two and three state. In fact, item three specifically states that when the targeting software is **completed** not when we have a beta version or an alpha version but when the software is completed again evidencing that there was a sale of a product and not something subject to experimental use. Additionally, Nowhere in the Buckingham deposition is there any mention that this is being purchased as a trial or test product. O'Connor

does state in his deposition that he was soliciting information from marketer confidentially and then he goes on to state that he contacted Buckingham. However, he never states that he specifically asked Buckingham to keep anything confidential. He further states that he **does not recall the specifics** of their conversation. O'Connor does state that Buckingham **may** have said I will set aside X dollars for testing something but we had nothing definite so I hung up and was **forced** to put together something **really definite**, i.e. the letter (DX 38) that Buckingham could dedicate money to. Yet despite the fact that O'Connor in his own words was forced to put something really definite together, the letter does not reflect that the sale of the product/process is experimental or that as an initial advertising sponsor, there is anything experimental in nature about the services Buckingham is purchasing. There is no evidence anywhere that the purchase was for a trial product or that Buckingham was investing in an experimental product.

**Review of the Factors Under Allen Engineering:**

**(1) Necessity for Public Testing**

Applicants argue that there was a need for public testing because the present invention is directed to technology for third-party ad serving over the Internet – a publicly-accessible network with multitude of web sites. In order to determine whether the invention would work for its intended purpose in its intended environment, the inventors had to test the ability to serve third-party ads over the Internet upon request from users who are viewing web sites in real time. There is reports that show that targeted ads were being served over the Internet starting in October 1, 1995 (DX 31, DX32). Applicants' assert that these are mock-up reports or a prototype of what they might have wanted to implement (Merriman Dep. 270-273). However, when asked if he specifically recalls whether they sent any targeted ads over the internet during

that time frame he can not specifically recall and can not document that such an event did not occur because they did not have version control, which would have tested targeting and frequency control (*Id.*). Applicants' inability to recall or remember if any targeting did occur is not persuasive and their inability to produce documentation is not persuasive. Additionally, Merriman's own Declaration states that "If we had used any aspect of our technology on the Internet prior to October 29, 1995, it would have been purely in an experimental way." (Merriman Dec. at 48). Thus, he is not denying that testing did not occur on the internet prior to the critical date, just that they can't say or document what it was. There is a strong indication that this testing did not need to be done. Applicants also indicate that they needed to perform a stress test to determine the ability to satisfy demand. The Merriman Dec. states that the stress testing was to satisfy high demand and that is not the same as determining if the invention is complete to work for its intended purpose and is not a claimed aspect of the invention. Thus, the examiner does not consider this test to be necessary.

Knott speaks of the interconnectivity problems but there is no evidence that this testing was not accomplished in October 1995 (Merriman Dec. 48). He merely states that they were far away from a production system.

Knott again speaks of the system serving ads for a site different from those hosting desired content pages and the need for selection and delivery of ads in a quick and efficient manner.

Applicants' have admitted that they had a functioning prototype in September 1995, built the initial targeting database by October 1995, established an internet connection by October 1995 and testing link messages by September 1995 (Merriman Dep. 44:46).

IAN/IAF was already serving targeted ads during October 1, 1995-November 12, 1995 for ISS. IAN/IAF generated advertising reports for ISS test ads reflecting that IAF/IAN was serving ISS ads during the October 1, 1995 through November 12, 1995 time frame (DX 31, 32). These advertising reports also contain detailed information relating to targeting issues, such as ranking response rates by user characteristics, such as, "Domain Type," Industry Type," and User Interests," and include a chart that summarizes "Savings Realized by Targeting" (DX31, DX32). Undated screen prints of IAN's web pages that include ISS ad banners at the top of the page confirm that IAN served ads for ISS in late 1995, early 1996 (DX 114, 115).

In mid-December 1995, O'Connor and Merriman demonstrated IAN's central ad serving capability for Tom Wharton, Poppe Tyson's CFO (Wharton Dep. 50:5-51:25). It was Wharton's impression, based upon his conversations with O'Connor and Merriman as well as his own observations, that the IAN ad server had been function for some period of time (*Id.*). According to Wharton it had been up and running for three to six months, and O'Connor and Merriman had done a substantial amount of work in building its applications (*Id.*).

As previously discussed, the IAN/IAF was complete and not in the experimental phase prior to the critical date (DX2, DX16). It had been reduced to practice, targeted ads sent. It is noted that on Page 10 of the IAF Business Plan they state that in order to implement and manage the IAF product described above, we will hire one additional senior software developer as well as a system operations person over the next 2-4 months (DX2 at 048929). However, there are feature in the Business Plan that are not encompassed by the claims and that are specifically stated as not yet implemented by the system in the Business Plan, i.e. the Payable and Receivable and Receivable Processes, increasing the variables in the ID-DB (which was already finished in

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September see DX 16). In fact, IAF/IAN had developed a function ad serving prototype in September 1995 and as shown by the Examiner was delivering ads over the internet in October 1995. Applicants' Expert goes to great lengths to try to show how difficult it would have been for someone to design and implement a system like IAN/IAF but their own business plan disputes this (DX2). Under the Risks, they explicitly state that "even though implementation of IAF will be considerable, others can replicate our work in as little as 6-12 months (DX2 – DC048936).

There is no evidence of problems with the targeting of the prototype. Only the declarations that there is a necessity for public testing. However, there is evidence that ads were being served over the Internet in October. The evidence we have refuting this are the Declarations by Merriman and O'Connor. However, if you read their Deposition Transcripts, they are not as definite as to whether any targeted ads were sent out over the internet in October or whether they had a system that could serve an ad to a web site in September 1995 in fact when questioned specifically about the functioning DART system prior to October 1995 they refuse to answer. Their statements when asked the questions are filled with Not that I remember, I don't recall but I don't believe ... It is possible but I don't believe ... I am not sure what we did ... (Merriman Dep. 34, 205-208, 270-274; O'Connor Dep. 111-118, 276-279). While the report may be mock-ups or prototypes, the Business Plan does state that these reports had yet to be coded and would be done manually (DX2) it is still evidence that ads were being served during that time period and neither Merriman nor O'Connor positively refute the targeted ad serving only that the reports are probably hand generated. Additionally as to Applicants' contention that further refinements took place after the prototype and October ads being served indicating that it



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was still in the experimental stage, they were testing whether the ads were targeting and the rest of the evidence that would prove or disprove whether there was a need is no longer available from the Applicants' themselves and they can no longer remember what their system did in September and October 1995. Thus, there is no real evidence that there was or was not a system. Because there is documentary evidence, third party testimony and conflicting evidence from Applicants', I am persuaded that there was not a need for public testing. Additional conflicting evidence from Applicants' is the fact that they claimed to have a production ad server in December 1995 (DX111) and yet their other evidence states that they did not even have a beta/production version of IAN until January 1996 (Merriman Dec. 44; DX16).

Moreover, at least two of the claimed tests were not related to the claimed aspects of the invention, i.e. the stress test to determine the ability to satisfy high demand and testing the quickness of the ads served. These are optimizations of the invention and are more marketability tests.

See also discussions under Experimental Use and Commercial Sale.

(2) Amount of Control over the Experiment Retained by the Inventor

Applicants assert that since the inventors through their company conducted all of the testing of their ad serving technology they therefor retained control over all experimentation. The examiner respectfully disagrees and asserts that they did not retain sufficient control over the experiment. While the inventors conducted all of the testing of their ad serving technology, the evidence does not demonstrate that they retained control over the experiment. The experiment relied upon compliance of three distinct groups beyond the "control" of the inventors, the "users," the "content providers," and the "advertisers." Without such agreements, there is no

control groups, no ability to test for the very problems that Applicants' have stated necessitated the public testing, i.e. targeting and frequency control, stress testing, testing the operability of ad targeted serving technology through the various hardware and software of the multiple parties, which is dependent upon Internet connectivity (Knott Report), and the ability to test the quickness. No evidence has been provided demonstrating Mr. Buckingham's or Attachmate's (or for that matter any other parties) agreement to participate in the experiments, i.e. contracts, non-disclosure agreements, etc. Thus, simply conducting all of the testing does not mean that the inventors kept sufficient control of the "alleged" experiment. "[A] use cannot be experimental if the inventor failed to maintain sufficient control over the invention and its testing." *Lough*, 103 F.3d at 1526, 41 USPQ2d at 1393; *Paragon*, 984 F.2d at 1187, 25 USPQ2d at 1565. See also *Rooklidge and Jensen*, 29 J. Marshall L. Rev. 1, 29 n. 144. Thus record in this case fails to show "sufficient control," by the inventors after the sale transaction was consummated.

(3) Nature of the Invention

The examiner agrees with the characterization of the nature of the invention. However, the examiner disagrees with the last two sentences. See Examiner's discussion under Necessity for Public Testing, Experimental Use and Ready for Patenting.

(4) The Length of the Test Period

Applicants' assert that the test period took place over a period of 3-4 months, beginning in December 1995 and continuing through the beta test in March 1996. The examiner respectfully disagrees. See the discussion under Necessity for Public Testing, Experimental Use and Ready for Patenting.

(5) Whether Payment was Made

Applicants' assert that the payment involved in the transaction at issue was not set according to any established commercial market for targeted ads serving. Applicants' further argue that Attachmate would be getting "favorable" pricing clearly indicating below market rates. The examiner respectfully disagrees with both characterizations. There was a draft rate sheet attached to the letter, which was never provided, however, it set forth how the ads would be priced. Thus, the payment while the actual formal format of the transaction was not set clearly there were pricing parameters and it was just a matter of seeing how the targeting results came out and then planning a strategy. As to Attachmate receiving below market rates, the letter does not indicate that the rates are below market just that Attachmate is getting "favorable" pricing. In most industries and businesses, there are different pricing structures for different clients. For example, in the architectural community, if you have a new client and the potential for repeat business or that client has the ability to generate other clients, they often receive a "favorable" rate. In Attachmate's instance, IAN is new to the industry, trying to generate clients, Attachmate has promised to participate in their public announcement, to be included in collateral material/press releases, and even to pay by all of the money by a specific date, whether or not all of the advertisements have been delivered. Thus, IAN is receiving a benefit for the "favorable" pricing that it is allegedly providing. Additionally, Applicants' have not provided any evidence to show that Attachmate received any sort of a discount, i.e. bills from other customers and a comparison. IAN alleges that 10 companies participated in the beta test, there should be some evidence to compare. Attachmate was invoiced and did pay for the targeted advertising and before it was delivered in December 1995 (O'Connor Dep. 259-260).

Additionally, Applicants' note that there were at least 10 other companies involved in the beta test and other companies involved in the alpha test. The only company that they provide any evidence regarding payment is ISS, who did not pay for the services. They provide no evidence regarding any of the other corporations or whether they paid for the targeted advertising services.

Thus, the evidence that we do have supports payment for targeted advertising by Attachmate via an invoice for a non-experimental product at a non-discounted price. See also discussions under Commercial Offer and Experimental Use.

**(6) Whether There was a Secrecy Obligation**

Applicants' allege that there was a secrecy obligation because the transaction was to remain confidential until such time as there was a public announcement of IAN pursuant to the letter. However, Even the confidentiality clause in the letter memorializing the conversation, is in terms of the agreement remaining confidential not any aspects of the technology. The terms of the agreement are merely what Attachmate and IAN agree to do for each other. There is no evidence of a non-disclosure agreement between the parties. The letter, memorializing the conversation, as set forth above, specifically states, "I enjoyed our discussion last week and am pleased that you will be one of our initial advertising sponsors." As set forth above, Buckingham goes through each of the 6 items and remembers parts of discussion on all but the confidentiality.

Thus, there was no secrecy obligation pertaining to the technology. There is no evidence of any other secrecy obligations during any of the other testing. There is not even any evidence of secrecy obligations within the company itself. There is no evidence that any of the employees had to sign non-disclosure agreements, nor were any such documents provided.

(7) Whether Records were Kept

Applicants do not even address this factor. The record shows that for the September – October 1995 critical period no real records exist. Additionally, there do not appear to be any real records demonstrating anything about the testing at all except a few e-mails stating that they targeted ads and performed or are going to perform the tests. There are no records of how the tests were performed, the outcomes, whether changes to the program needed to be made, etc. Merriman himself addresses the fact that he could not provide any documentation about any of the coding during the critical period as they had not implemented a source code version control system (Merriman Dep. 272-273:14-4). However, we are not provided with any information regarding debugging, software implementation protocols, testing protocols, etc. Applicants' mention bugs but fail to provide any evidence linking them to the claims in the invention, provide any documentation, etc. For all we know, the bugs could be directed to specific ads or features not claimed or towards optimizations not necessary for the program.

(8) Who Conducted the Experiment

Applicants' state that the inventors through their company conducted all testing of their ad serving technology. In so far as any alleged testing occurred, the examiner accepts this assertion. However, see discussion under Necessity for Public Testing, Amount of Control Over the Experiment Retained by Inventor and Experimental Use. From the record we have before us, assuming that there were even different versions, we don't even know if there were any changes between the prototype, the alpha version, the beta version, etc. Applicants allege that there were bugs with the beta version but not what types and if they pertain to the claims of the invention,

they attach no exhibits or explanations. The bugs could be directed to optimizing features or specifics ads or any one of a number of other items not claimed.

**(9) Degree of Commercial Exploitation During Testing**

Applicants' argue that there was no commercial exploitation based upon the Declaration because they did not receive money from one of the customers, ISS. The Examiner notes for the record that ISS refused to participate if they had to pay, that O'Connor served as a VP and was on the Board of ISS as well as an investor in the company, i.e. this was not an arm's length negotiation like Attachmate. However, they received \$10,000 from Attachmate for targeted advertising and if we believe that the beta-testing continued into March 1996 and accept the facts of the O'Connor Declaration, there were 10 companies participating in the beta-testing. There is absolutely no testimony about these companies and whether or not they were paying for targeted advertising and if they knew that they were paying for a beta test. Applicants' have had ample opportunity to submit such evidence but have failed to so. Thus, we are left with the fact that these other companies are out there and if they are "sponsors" have in all likelihood paid for the services.

Thus, as Applicants' have failed to provide any evidence to the contrary and Attachmate paid for a commercial product, commercial exploitation occurred during the testing. See discussion under Commercial Offer and Experimental Use.

**(10) Whether the Invention Reasonably Requires Evaluation Under Actual Conditions of Use**

Applicants' use the same arguments used under the Necessity for Public Testing and Nature of the Invention. Thus, the Examiner respectfully directs attention to the discussion under those sections.

**(11) Whether the Testing was Systematically Performed**

Applicants' do not discuss whether the testing was systematically performed. All they state is that the initial testing by the inventors showed that the concept could work, and once the software was developed, the inventors through their company conducted beta testing. Even assuming the facts as alleged, this does not show in any way shape or form that the testing was systematically performed. There are no records documenting how the tests were performed on the system, whether there was a specific need to perform them on specific versions, whether they were performed on those versions at specific intervals and repeated with controls, when some of the tests were performed or the duration. There is no documentation showing whether the tests followed any known protocols for these tests, whether any coding needed to be done in response and a repeat of the tests performed. See the discussions above. Thus, the examiner is not persuaded that the testing was systematically performed as no records or documentation have been produced. It is even disputed as to when the initial testing showed that the concept could work and when beta testing vs. a production version was in place.

**(12) Whether the Inventor Continually Monitored the Invention During Testing**

Once again all we get from Applicants' declaration is that their company performed the testing and observed the results. There is not one reference that any of the monitoring was continual. The e-mails referenced state that we ran the ads. We got results. Not that we ran the ads and monitored the program as the ad server targeted and implemented the program. There is

no evidence that the Inventors continually monitored the invention. Even with the reporting, there is still the evidence that they did not have a source code verification program in place during the initial stages and there is no evidence as to when one was implemented. See discussion above.

(13) Nature of Contacts Made with Potential Customers

Applicants state that during testing in early 1996, the inventors through their company began soliciting web sites to participate in the beta test. The letter to Chris Buckingham states that O'Connor is "pleased that [Buckingham] will be one of our initial advertising sponsors." Obviously O'Connor was seeking more "sponsors" and implies that there are already more. Yet when he is specifically asked about people and companies, he contacted and when, he can not recall anything except ISS and Attachmate (O'Connor Dep. 244-248). O'Connor was even loaning money/an investor in ISS (DX106). As previously stated, ISS was an interested party and Attachmate was an arms-length negotiation. Additionally, Applicants' provide no information on the other companies that were part of the "beta" test. Thus, the only evaluation we have is that of Attachmate and ISS. Thus, O'Connor contacted plenty of potential customers. The nature of the contact was commercial. The only subject of debate is the follow-through. Interestingly, an e-mail from around the time of the "beta" test says "let's do all we can to land travel related advertisers and promote this site. **Do whatever you must** to land business for this site—their motto is "ask for forgiveness later". Every person should target 3 prospects and land one for the test (DX 80 – 3/1/96 e-mail re State of the Union Sales Meeting with a major sales force). There is no talk about disclosing to anyone that they will be part of a beta test. This e-



mail shows that there should be information available to describe the nature of the companies participating and what the agreements were.

Thus, an inquiry into the nature of the relationship between IAN and its customers; for example, the amount paid to Ian suggests a purely commercial transaction, the lack of a secrecy obligation regarding the technology but not the transactional obligations, and the nature of contacts made with potential customers, i.e. commercial in nature and the fact that IAN failed to disclose to Buckingham that he was participating in an experimental venture demonstrates a prima facie case against experimental use. *In re Dybel*, 524 F.2d 1393, 1401, 187 USPQ 593, 599 (CCPA 1975) (stating that Appellant's failure to communicate to any of the purchasers or prospective purchasers that the sale or offering was for experimental use is fatal to his case).

In any event, even upon a closer examination of the circumstances of the sale, the Examiner has provided a prima facie case that the Buckingham sale was commercial in nature and not incidental to the primary purpose of experimentation thus satisfying the first prong of the Pfaff test and has also provided a prima facie case that the targeted ad system is an embodiment of the invention recited in at least one of the claims of the application, and that the second prong of the Pfaff test, the "ready for patenting" prong, was met at the time the sales were made. For the above reasons, it is believed that the rejections should be sustained.

#### **The Preponderance of the Evidence Standard**

In *In re Caveney*, 761 F.2d 671, 226 USPQ 1 (Fed. Cir. 1985), the Federal Circuit upheld an examiner's rejection under 35 U.S.C. § 102(b) because the appellants offered to sell the claimed invention more than one year before filing. The court having considered the PTO's standard of proof required to set forth a prima facie case concluded that "preponderance of the

evidence is the standard that must be met by the PTO in making rejections ...” *Caveney*, 761 F.2d at 674, 226 USPQ at 3. The Court in *Caveney* noted that although there was conflicting evidence of the offer for sale and the PTO had not established its case by clear and convincing evidence, the Court, nevertheless concluded that the PTO met its burden. “Although the above-related activities may not be clear and convincing evidence of facts that show the claimed invention was offered for sale, we are satisfied that they establish such facts by a preponderance of the evidence.” *Caveney*, 761 F.2d at 675, 226 USPQ at 3.

The reasoning behind this result is quite simple. Issued patents have a presumption of validity acquired under 35 U.S.C. §282. Thus, invalidity of issued patents under any statutory provisions requires proving such facts by clear and convincing evidence. Ex parte examination, on the other hand, has no presumption of validity, see *In re Etter*, 756 F.2d 852, 225 USPQ 1 3-6 (Fed. Cir. 1985) (en banc), allowing the USPTO to establish such facts by only a preponderance of the evidence. Because of these differing standards, the Examiner concludes that an offer of sale under 35 U.S.C. §102(b) is *easier* to establish during ex parte examination than it is to establish during infringement. The Court in *Caveney* having properly recognized this distinction noted:

From *In re Etter*, 756, F.2d 852, 225 USPQ 1 (Fed. Cir. 1985) (en banc), it is apparent that, due to 35 U.S.C. §282, the standard of proof required to properly reject the claims of a patent application is necessarily lower than that required to invalidate patent claims. *Caveney*, 761 F.2d at 674, 226 USPQ at 3.

While *Caveney* applied to §102 and the on sale bar, the reasoning from *Caveney* applies equally to anticipation under 35 U.S.C. §102(b) and, for that matter, *any* statutorily mandated requirement (*i.e.* 35 U.S.C. §§ 101, 102, 103, 112, etc.). This reasoning behind applying *Caveney* to all statutorily mandated requirements is because such requirements are the only

requirements which receive the presumption of validity upon issuance.<sup>6</sup> Therefore, the standard the USPTO must meet to set forth a prima facie case before such presumption applies is only a preponderance of the evidence. In this case and in light of the fundamental principle, the claims in conjunction with the evidence and analysis herein provide ample evidence to support a conclusion that there was an offer of sale under §102(b) and that the claims are anticipated by the product FocaLink under §102(b).

*Consistent with the Administrative Procedure Act & USPTO Policy*

On a procedural matter, the Examiner notes that because the USPTO must follow the Administrative Procedure Act (“APA”)<sup>7</sup> the standard for review of USPTO factual determination *on appeal* to the Federal Circuit is now “substantial evidence”<sup>8</sup> and not the ‘clearly erroneous’ standard as set forth in *Caveney*. However, because the standard the USPTO must meet to establish a prima facie case remains unchanged by *Gartside*, *Caveney* remains controlling on this point. Thus, the preponderance of the evidence standard is appropriate.

Furthermore, the examiner’s position that the ... is also consistent with USPTO policy. See MPEP §706 which states in part: “The standard to be applied in all cases is the ‘preponderance of the evidence’ test. In other words, an examiner should reject a claim if, in view of the prior art and evidence of the record, it is **more likely than not** that the claim is unpatentable. [Emphasis added.]” MPEP §706. This must include rejections under §102(b) offers for sale.

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<sup>6</sup> See *Panduit Corp. v. Dennison Mfg. Co.*, 810 F.2d 1561, 1570, 1 USPQ2d 1593, 1595 (Fed. Cir. 1987) stating that the presumption mandated by §282 is applicable to all of the many bases for challenging a patent’s validity).

<sup>7</sup> See *In re Lee*, 277 F.3d 1338, 1342, 61 USPQ2d 1430, 1432 (Fed. Cir. 2002) (“Tribunals of the PTO are governed by the Administrative Procedure Act”) citing *Dickinson v. Zurko*, 527 U.S. 150, 50 USPQ2d 1930 (1999).

<sup>8</sup> *In re Gartside*, 203 F.3d 1305, 1316, 53 USPQ2d 1769, 1776 (Fed. Cir. 2000).

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Appellants cites cases throughout their Brief stating various positions of law. Of all those cases, Appellants fail to rely on ex parte examination case(s). All cases cited by Appellants are inter partes infringement suits where offers for sale and anticipation under §102(b) must be proved by clear and convincing evidence. And as noted repeatedly above, that is not our case. Moreover, many of the cases cited under the Commercial Offer for Sale Section for the proposition that there is no coming offer of sale when discussions lacked certain specifics were District Courts cases and are not binding upon this Board.

Respectfully submitted,

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February 8, 2004

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# **Exhibit**

# **D**



Reissue Patent  
Atty. Docket No. 11032-2144

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re application of:

MERRIMAN, Dwight et al.

Reissue Serial No.: 09/577,798

Patent No. 5,948,061, Issued September 7, 1999

Reissue Filed: May 24, 2000

For: METHOD OF DELIVERING, TARGETING, AND  
MEASURING ADVERTISING OVER NETWORKS

Examiner: J. HARLE

Art Unit: 3627

**REPLY BRIEF**

Commissioner for Patents  
P.O. Box 1450  
Alexandria, VA 22313-1450

**ATTENTION: Board of Patent Appeals and Interferences**

**RECEIVED**  
APR 13 2004  
**GROUP 3600**

Sir:

Applicants submit this reply brief in response to the Examiner's Answer, mailed February 11, 2004, in the above-referenced reissue application, the two-month period for reply ending on April 12, 2004 (April 11, 2004 falling on a Sunday).

**GROUPING OF CLAIMS**

The Examiner contends that Applicants did not properly include a statement that Applicants' grouping of claims 1-50 (Group I) and 51-57 (Group II) do not stand or fall together and reasons in support thereof. Examiner's answer at 2. Applicants respectfully disagree. Applicants included in their September 29, 2003 Appeal Brief a section headed "Grouping Of Claims." In that section, Applicants identified the claims in Group I (claims 1-50) and the claims in Group II (claims 51-57) and included a statement that "Separate reasons for patentability for each group are set forth below."

Further, Applicants provided separate reasons for patentability in the Appeal Brief. See Appeal Brief pages 5-7 where reasons of patentability are presented for claims 1-50, and pages 7-8 where separate reasons for patentability for claims 51-57 are presented. Indeed, the Examiner recognized the different arguments made by Applicants with respect to the Group I claims and Group II claims, and presented responsive arguments with respect to each group.<sup>1</sup> See Examiner's Answer at pages 5-7 (response with respect to Group I, claims 1-50) and page 7 (response with respect to Group II, claims 51-57). Accordingly, it is respectfully submitted that Applicants correctly identified and argued the grouping of the claims into Group I and Group II.

## **ARGUMENT**

### **A. The Rejection Based on Reilly Has Been Withdrawn**

In the Examiner's Answer, the rejection based on Reilly was withdrawn, and therefore Reilly is no longer at issue.

### **B. The Claims Are Not Anticipated By Focalink**

#### **1. FocaLink Does Not Disclose Ad Selection Based on Stored Information About the User**

In the Appeal Brief, Applicants asserted, *inter alia*, that FocaLink does not disclose a system or method for selecting an advertiser node or advertising banner based upon information stored about the user node at the advertisement server node, as required by independent claims 1, 7, 13, 16, 23, 29, 32, 42, and 45. In response, the Examiner's Answer asserts that the claims do not require that the information be stored for any

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<sup>1</sup> Applicants were not given a Notice of Non-Compliance or provided with a period of one month in which to file an amended brief as required by 37 CFR 1.192(d).

length of time at the advertisement server node, and that information would at least have to be temporarily stored there. The Examiner's Answer speculates that FocaLink might temporarily store information in a memory buffer to utilize it, and that this use of information constitutes storing as claimed. See Examiner's Answer, pages 6-7.

To ascertain the meaning of the claims of a patent, one looks first to the "intrinsic" evidence of record, *i.e.*, the patent itself, including the claims, the specification and, if in evidence, the prosecution history. *Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 979 (Fed. Cir. 1995), *aff'd*, 517 U.S. 370 (1996); *Vitronics Corp. v. Conception, Inc.* 90 F.3d 1576, 1582 (Fed. Cir. 1996). Such intrinsic evidence is the most significant source for establishing the legally operative meaning of disputed claim language. *Id.*

In the specification, it is described that for each user identified by the system, information such as a user identification, IP address, domain type, time zone, location of the user, standard industrialized code for the user's network, the particular advertisements seen, the advertisements that were selected or clicked on and the pages on which the advertisements were seen is collected and "stored" in a database as shown in FIG. 3A. See col. 4, lines 44-55. Thus, the system puts away the information for future use in the database of FIG 3A, where it can later be used to select an advertiser node from which advertising content may be displayed to the user in response to a request from a user node.

Words in a claim are generally given their ordinary and customary meaning as understood by one of ordinary skill in the art. *Hoechst Celanese Corp. v. BP Chems. Ltd.*, 78 F.3d 1575, 1578 (Fed. Cir. 1996). Dictionaries, encyclopedias and treatises that were publicly available at the time the patent issued are given special status for purposes of patent claim construction. Even though, strictly speaking, dictionaries, encyclopedias and treatises are not part of the "intrinsic" evidence, such materials may always be considered along with the intrinsic evidence to understand and construe the claims, *Texas Digital Systems, Inc. v. Telegenix, Inc.*, 308 F.3d 1193 (Fed. Cir. 2002), so long as they are not used to contradict the meaning of terms in the claims as found from the intrinsic evidence. *Vitronics*, 90 F.3d at 1584 n. 6. *Accord Cybor Corp. v. FAS Techs., Inc.* 138 F.3d 1448, 1459 (Fed. Cir. 1998).



The American Heritage Dictionary, Second College Edition (1985) defines “stored, storing, stores” as “to reserve or put away for future use.”<sup>2</sup> Applicants assert that this ordinary and accustomed meaning for these terms is in accordance with the meaning as described in the specification – where the information regarding the user node is “stored” in the database for future use in selecting an advertiser node as a selected advertiser node, and is then used to select advertising content to display to the user in response to a request from the user node.

The strained interpretation of the term “stored” in the Examiner’s Answer to include any mere temporary use of the information is not in accordance with the ordinary meaning of the term as defined above. In effect, the Examiner’s interpretation would read the term “stored” right out of the claims, since it would include within the scope of the claim any “use” of such information, whether it is actually stored at the advertisement server node and available for future use or not. The Examiner’s interpretation would improperly equate the claimed recitation of “an advertisement server node storing information about the user node” with “an advertisement server node *using* information about the user node.”

For these reasons, it is asserted that the terms “store,” “storing” or “stored” as used in the claims should be interpreted to mean “to reserve or put away for future use”, and should not include mere use of information, such as where the information may only be momentarily put into a buffer while it is being used.<sup>3</sup>

As thus properly interpreted, the claims are not anticipated by FocaLink. The Examiner points to no structure in FocaLink, such as a database, that stores the information for later use. FocaLink does not disclose a system or method for selecting an advertiser node or advertising banner based upon information stored about the user

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<sup>2</sup> A copy of the dictionary reference is attached hereto as Exhibit A.

<sup>3</sup> The Examiner has also failed to consider that “storing” information about the user node for future use, such as in a database as described in the example in the specification, allows the system to use the information at a later time, or to update previously stored information.

node at the advertisement server node, as required by independent claims 1, 7, 13, 16, 23, 29, 32, 42, and 45.

2. Focalink Does Not Disclose An Ad Server Selecting Ads Based On Number Of Times Displayed At The User Node

Regarding claims 51-57, in the Appeal Brief, Applicants pointed out that FocaLink does not disclose selecting an advertiser node or advertising banner based on a number of times the advertising content has been previously displayed at the user node, as required in claims 51-57. Applicants pointed out (a) that DX93 – relied upon by the Examiner – only disclosed using information about the number of people per day who might have viewed or clicked on an ad to generate “post-buy” reports (but DX93 does not disclose an ad server using such “post-buy” information to perform ad selection), and (b) that in any event the number of people per day who view/click on an advertisement can be very different than the number of times the advertising content has been previously displayed at the user node.

In response, the Examiner asserts that “FocaLink teaches basing advertisements upon the number of people per day who view/click on an advertisement.” Examiner’s Answer at 7. The Examiner further asserts that this encompasses Applicant’s claim language, as it is comprising claim language, and “the individual would be one of the number of people per day who viewed the advertisement and FocaLink is basing it’s decision upon the number of times the individual and others have viewed the ad.” *Id.*

The Examiner’s contention about FocaLink is incorrect in several aspects. Starting with the claimed invention, the language in Applicants’ claims 51-57 recites that the advertisement server node selects an advertiser node (or advertising banner) based on a number of times the advertising content has been previously displayed at the user node. The ad selection process is performed in connection with a request from the user node.

However, unlike Applicants’ claimed invention, FocaLink does not disclose having an advertisement server node that selects an ad based on the number of times an ad has been previously viewed or clicked on. To the contrary, as disclosed in DX93, FocaLink merely uses such information for “post-buy” reports, which an advertiser or web site can

use to judge how well its advertisements had performed and to (generically) change graphics, targeting and scheduling of ads. *Nowhere* does FocaLink describe that the *ad server* performs any of these functions. In fact, to the contrary, DX93 states that the information is used in the process of *ad placement*: "The process is an iterative one: ads are placed, results are studied, and placement plans are improved." DX93 at pg. 2 (SD027082).<sup>4</sup>

Next, the Examiner incorrectly states that in consideration of the number of people who view/click on an ad, the *individual would be* one of the number of people per day who viewed the advertisement. The FocaLink materials do not disclose anything about tracking the identities of the people who have viewed or clicked on an ad in connection with the view/click statistics. No such identity tracking is inherent in FocaLink. Indeed, nothing in FocaLink discloses that anything done by the ad server depends on whether (and how many times) the particular user has previously seen the ad. Thus, there is no basis to conclude that the user for whom an ad is being selected "would be" one of the users who has already viewed or clicked on the ad.

Furthermore, the Examiner fails to acknowledge the difference between the number of people per day who view/click on an advertisement and the number of times the advertising content has been previously displayed at the user node. For example, if the Applicants' system was connected to 50 users, and user 1 requests an ad, the system as claimed would select an advertiser node or advertising banner for user 1 based on a number of times the advertising content has been previously displayed at the user 1's node. If the user had previously viewed the ad one time, the system would make the selection based on the fact that the ad had been previously displayed at user 1's node one time. Also, the selection would not be required to take into account the number of times the advertising content was viewed at user nodes 2-50 and would not be limited to display of advertising content on a particular day.

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<sup>4</sup> As used in DX93, ad placement is a *manual* process, and is not an automated selection of individual ads to serve in response to a user request.

In contrast, FocaLink looks to daily overall usage, so if 50 users were connected to the system, FocaLink would measure the number of users 1-50 who click on the advertising content on that day. Thus, for example, if user 1 displays the ad content once, and users 2-50 display the content 49 other times that day, FocaLink would report that the advertising content had been viewed 50 times that day.<sup>5</sup>

As a second example, if the advertising content had been viewed 1000 times by user 1 on previous days, but not on the current day, and viewed 1 time by users 2-50 on the current day, the presently claimed invention would select an advertiser node or advertising banner for user node 1 based on the 1000 times the advertising content had been previously displayed by user node 1. In contrast, FocaLink would report that the ad had been viewed 1 time on the current day.<sup>6</sup>

For these reasons, as well as the reasons stated in the Appeal Brief, FocaLink does not anticipate claims 1-50 or claims 51-57, and the rejection should be overruled.

**C. The Claimed Invention Was Not On Sale More Than One Year Prior to The Filing Date**

In the Appeal Brief, Applicants argue that the claimed invention was not on sale more than one year prior to the filing date of the application leading to issue of the original '061 patent. The basis for Applicants' position is that no commercial offer for sale was made prior to the critical date; the invention was not ready for patenting prior to the critical date; and, in any event, experimental use negates application of the on-sale bar. In response, the Examiner's answer contains some 38 pages filled with a variety of arguments based on misapprehension of the applicable law and/or mistaken or incomplete understanding of the facts. While as a practical matter Applicants cannot

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<sup>5</sup> And in any event the FocaLink ad server would not make any ad selection based on this report.

<sup>6</sup> Again, the FocaLink ad server would not make any ad selection based on this report.

respond to all of the points raised by the Examiner, Applicants will address the more noteworthy errors below.<sup>7</sup>

1. No Commercial Offer For Sale Was Made Prior To The Critical Date

In the Appeal Brief, Applicants argued that no commercial offer for sale was made prior to the critical date, because the single event that occurred prior to the critical date – a telephone call of uncertain content – lacked many of the details required for a commercial offer. Applicants also argued that the Attachmate Letter, which was sent *after* the critical date, reflected many details not discussed in the prior telephone call.<sup>8</sup> See *generally* Appeal Brief at pages 8-14. In response, the Examiner continues to rely primarily on the Attachmate Letter for support of the alleged commercial offer for sale prior to the critical date. For at least the reasons discussed below, the Examiner's reasoning is incorrect and the rejection therefore cannot be sustained.

a) The Details of the Attachmate Letter Were Not Discussed During the Telephone Call Prior to the Critical Date

The Examiner asserts that the claimed invention was the subject of a commercial offer for sale made by Mr. O'Connor prior to the critical date. The Examiner relies upon the conclusion that the Attachmate Letter recites the details of an agreement allegedly reached during the prior telephone call between Mr. O'Connor and Mr. Buckingham.<sup>9</sup> However, two key, indisputable facts refute the Examiner's position.

First, the text of the Attachmate Letter itself confirms that Mr. O'Connor was setting out a new proposal to be considered by Attachmate, rather than verifying a prior offer and acceptance. One need look no further than the language Mr. O'Connor used to introduce a number of new details (details that were not discussed during the prior

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<sup>7</sup> Accordingly, it should not be assumed that Applicants acquiesce in any position taken by the Examiner and not addressed herein.

<sup>8</sup> A copy of the Attachmate Letter was provided as Exhibit 1 to the Appeal Brief.

<sup>9</sup> As discussed in the Appeal Brief, the Attachmate Letter is dated *after* the critical date and therefore cannot itself be the basis for establishing an on-sale bar under §102(b).

telephone conversation): “I suggest the following.” See Attachmate Letter, page 1 (emphasis added). Though the Examiner never addresses this fact, it is perhaps the clearest indication that the letter set forth a new proposal. If such “terms” had already been agreed upon in the prior telephone call, as alleged by the Examiner, it would have made no sense for Mr. O’Connor to introduce these points in the letter by stating “I suggest.” Rather, if the specific terms introduced in the Attachmate Letter had in fact been discussed and agreed to in the prior telephone call, Mr. O’Connor would have stated in the letter that these points were already agreed upon – but that is clearly not the case.

Second, Mr. Buckingham’s testimony was based entirely on his *assumption* that the Attachmate Letter reflected the details discussed during the prior telephone call with Mr. O’Connor. Buckingham Dep. at 59:24-25. At his deposition, Mr. Buckingham was never questioned on his independently memory of the call. Instead, at his deposition, Mr. Buckingham was provided with a copy of the Attachmate Letter prior to being questioned about the telephone call with Mr. O’Connor. Thus, Mr. Buckingham’s entire testimony about what may have been discussed during the prior telephone call was “tainted” by the contents disclosed in the letter. Given the importance of the time sequence – the telephone call was prior to the critical date but the letter came after the critical date – Mr. Buckingham’s testimony cannot reasonably be relied upon to establish that a commercial offer for sale occurred during the prior telephone call.

b) The Vague and Indefinite Telephone Call Between Mr. O’Connor and Mr. Buckingham Lacks Specific Terms and Cannot Give Rise to a Commercial Offer For Sale

The Examiner disagrees with Applicants’ position that sufficient details are required to give rise to a commercial offer for sale, and contends that a commercial offer for sale can occur even where many key terms are missing and cannot be determined. Contrary to the Examiner’s position, several cases, as cited in the Appeal Brief, support Applicants’ conclusion that sufficient details are required before triggering the on-sale bar. See *Group One Ltd. v. Hallmark Cards Inc.*, 254 F.3d 1041, 1047-48 (Fed. Cir. 2001) (indefinite nature of communications (letter, meeting and telephone call discussing the patented machine and technology), and lack of specific terms such as price and

quantity); *MLMC Ltd. v. Airtouch Communications, Inc.*, 215 F. Supp. 2d 464, 480 (D. Del. 2002) (no commercial offer for sale when quotations were missing terms such as delivery dates and payment terms); *D&K Int'l, Inc. v. General Binding Corp.*, 104 F. Supp.2d 958, 960 (N.D. Ill. 2000) (no commercial offer for sale when meeting lacked discussion of quantity, delivery date or shipment or payment terms, despite discussion of sales price). Furthermore, the Examiner's reliance on *Minton v. Nat'l Ass'n of Securities Dealers, Inc.*, 336 F. 3d 1373, 1378 (Fed. Cir. 2003), Examiner's Answer at 12, is misplaced. The portion of *Minton* quoted by the Examiner relates to the discussion in the case that different types of acts might constitute a sale for different types of inventions. *Minton* did not modify the requirement that, to trigger the on-sale bar, an offer must be a *commercial* offer for sale.

In apparent recognition of the lack of sufficient express details during the prior telephone call, the Examiner attempts to rely on alleged course of dealing and industry practice. Specifically, the Examiner asserts that Mr. Buckingham's behavior under UCC §1-205 in light of his course of dealing and evidence of practice in the industry establishes commercial offer and acceptance. Examiner's Answer at 17. Appropriate evidence of course of dealing and industry practice, if available, may certainly be considered.

In this case, the Examiner's reliance on alleged "course of dealing" is misplaced. Under the UCC, course of dealing is defined as

a ***sequence of previous conduct between the parties*** to a particular transaction which is fairly to be regarded as establishing a common basis of understanding for interpreting their expressions or other conduct.

UCC §1-205(1) (emphasis added). The testimony cited by the Examiner relates to speculation on the part of Mr. Buckingham that he did not view the possibility that he agreed verbally to commit \$20,000 without a writing as unusual. However, the testimony by Mr. Buckingham does not set forth any facts of previous conduct between himself and Mr. O'Connor to establish a course of dealing between Mr. O'Connor and Mr. Buckingham, particularly as to the possibility that Mr. Buckingham might be asked to be a sponsor of Mr. O'Connor's business. Indeed, since the Internet advertising initiative of

Mr. O'Connor was very new, there could not have been any prior course of dealing with respect to Internet advertising.

Likewise, the Examiner's reliance on industry practice is also misplaced. Under the UCC, usage of trade is defined as any *practice or method of dealing having such regularity of observance* in a place, vocation or trade as to justify an expectation that it will be observed with respect to the transaction in question. UCC §1-205(2) (emphasis added). The examiner however points to no evidence whatsoever of practices or methods of dealing regularly observed. This is not surprising; since the area of Internet advertising was so new, there was no established industry or trade to begin with, let alone any regular practices among members of such an industry.

c) The O'Connor Declaration Does Not Contradict Any Material Evidence Cited By The Examiner

The Examiner discounts the Rule 132 declaration submitted by Mr. O'Connor because of alleged contradictions with other evidence of record. Examiner's Answer at 13-16. Review of the record, however, reveals that Mr. O'Connor's declaration is consistent in all material aspects with the other evidence of record, and that the following matters raised by the Examiner are not contradictions at all:

- While the Examiner contends that the Attachmate Letter refreshed Mr. Buckingham's recollection of the prior telephone conversation with Mr. O'Connor, Mr. Buckingham also acknowledged in his deposition that he *assumed* that the Attachmate Letter reflected the details discussed during the prior telephone call with Mr. O'Connor. Buckingham Dep. at 59:24-25. As discussed above, Mr. Buckingham was never asked his independent recollection about the call prior to being shown the letter, and so his testimony cannot reasonably be relied upon to establish any details about what was discussed during the prior telephone call.

Thus, Mr. O'Connor's statements about the telephone call and his subsequent preparation of a proposal (O'Connor Rule 132 Declaration, ¶¶25-27) are not contradicted by any reliable testimony from Mr. Buckingham.



- While the Examiner contends that Mr. O'Connor's characterization of his relationship with Mr. Buckingham as "friends" is contradictory to Mr. Buckingham's deposition (and to Mr. O'Connor's own deposition), Examiner's Answer at page 14-15, in fact both depositions reflect that Mr. Buckingham and Mr. O'Connor were on friendly terms with each other:
  - In response to a question about his relationship with Mr. O'Connor, Mr. Buckingham testified "It was mainly a sort of vendor-customer type relationship. But no, I think we liked each other. I liked Kevin [Mr. O'Connor], you know. We met socially on occasions, and things like that...." Buckingham dep. at 19:16-20. And in response to a question as to whether his conversations with Mr. O'Connor were "friendly" or "business-related," Mr. Buckingham answered that they were "a little of both." Buckingham dep. at 26:5-7.
  - In response to a question about the relationship, Mr. O'Connor testified at his deposition that "Chris [Mr. Buckingham] was a friend, primarily he was a business associate, someone I had a great deal of respect for." O'Connor dep. at 210:14-16.

Thus, the statement in Mr. O'Connor's declaration, ¶24, that Chris Buckingham was a "friend and former colleague" is consistent with the record.

Taken as a whole, and as discussed fully in Applicants' Appeal Brief, the evidence does not establish that there was a commercial offer for sale prior to the critical date.

## 2. The Invention Was Not Ready For Patenting Prior To The Critical Date

In the Appeal Brief, Applicants argued that the claimed invention was not ready for patenting prior to the critical date. See *generally* Appeal Brief at pages 14-16. In response, the Examiner has raised new arguments as to why the Examiner contends that the invention was ready for patenting before the critical date. However, for at least the reasons discussed below, the Examiner's response includes several errors in recitation of the facts or conclusions reasonably drawn from the facts and, therefore, the Examiner's position cannot be sustained.

a) The Attachmate Letter Does Not Establish That the Invention Was Ready For Patenting

First, in discussing the timing of the preparation of the Attachmate Letter, the Examiner now appears to contend (see pages 18-19 of the Examiner's Answer), incorrectly, that the letter itself establishes that the invention was ready for patenting. However, this conclusion is incorrect. The letter neither sets forth a description of the invention sufficient to permit one to make and use the invention, nor does it set forth a reduction to practice of the invention and, therefore, cannot establish that the invention was ready for patenting. Indeed, contrary to the Examiner's position, the Attachmate Letter confirms that targeting software was not complete at the time,<sup>10</sup> see Attachmate Letter at 1 (numbered paragraph 3, as discussed in the Appeal Brief at 15), thus precluding the possibility that the invention was reduced to practice prior to the critical date.

b) Applicant's Ad Server Capable Of Serving Targeted Ads Was Not Reduced To Practice Prior To The Critical Date

Second, contrary to all of the documentary evidence of record, the Examiner maintains at pages 23-24 of the Examiner's answer that the targeting software was reduced to practice at the time of the Attachmate Letter. However, as explained in the Appeal Brief at page 15, the minimal software code needed to implement targeted advertising was not completed by Applicants until December, 1995 – well after the critical date. And, the targeting software underwent significant testing prior to launch of the service in 1996. See Appeal Brief at page 19. In the face of these facts, the evidence relied on by the Examiner clearly fails to support a conclusion that a targeted ad server was actually reduced to practice:

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<sup>10</sup> The Examiner also takes issue with Applicants' statements regarding the Examiner's prior conclusions about the "AdJump" feature. Examiner's Answer at 18. However, the Examiner has misapprehended the argument made by Applicants. Applicants were not arguing that the Attachmate Letter did not concern IAN, but rather that the Attachmate Letter disputes the Examiner's previous conclusion that the AdJump feature was itself evidence that targeted advertising was taking place. As set forth in the Appeal Brief, the "AdJump" feature was referred to in the Attachmate Letter to be used to observe behavior with hard coded (non-targeted) ads in connection with developing a targeting profile.

- The Examiner's reliance on the business plan is misplaced. The business plan is not evidence that the invention was reduced to practice. Indeed, the Business Plan refers to the need to hire a software developer to implement the system, thus indicating that the system had not been reduced to practice. Business Plan at 10. Furthermore, as discussed more fully below, the business plan does not sufficiently describe the invention.
- The Examiner's citation to a memo referring to a "prototype" does not support the Examiner's position. While the Examiner contends that the memo established that a "prototype" was completed in September of 1995, the memo does not state anything about what the "prototype" is, and it certainly does not state it is a prototype of an ad server having the capability to serve targeted ads. When Mr. Merriman was asked about the memo in his deposition, he explained that while they had developed some of the necessary functionality, they did not have a majority of the functionality for the system in September 1995, and did not have the capability of serving any ads in September 1995. Merriman dep. at 33:22-34:15. Mr. Merriman further explained at his deposition that a lot of the design for the targeting for the ad server was done in December 1995. Merriman dep. at 34:16-35:8.
- The Examiner's reliance on mock ad reports (DX31, DX32) is misplaced. As explained by Mr. O'Connor in his Rule 132 declaration, ¶¶22-23, he had prepared mocked-up reports for hypothetical ads in the Fall of 1995, to facilitate marketing of the IAN system. The reports do not reflect any ads actually served – indeed, there were none. Further, in his deposition, Mr. O'Connor explained that the mock ad reports contained references to types of information that were never actually provided by the system, thereby confirming that they were "mock" ad reports not representing any information about ads actually served. O'Connor Dep. at 278:16 - 279:17.

Thus, the Examiner's speculation about a reduction to practice of an ad server capable of handling targeted ad serving by September 1995 runs contrary to the concrete evidence provided by Mr. Merriman. See Merriman Rule 132 declaration ¶¶36-38 and Exhibits C-F attached thereto, explaining with documentary support that the early

development of the ad server software needed for targeting ads took place mostly in December 1995 and January 1996:

- Paragraph 36 (exh. C): early version of ad server source code used for targeting ads, most of which bears dates of December 1995 and January 1996;
- Paragraph 37 (exh. D): IAN status memo showing that the ad server was only 80% complete as of December 7, 1995;
- Paragraph 38 (exhs. E-F): Exh. E is an e-mail dated December 12, 1995 stating that progress is being made on the ad server and “ready for targeted ads,” and Exh. F is an e-mail dated December 13, 1995 stating that “SIC targeting now works.”

Accordingly, the Examiner’s assertion that the targeted ad server was reduced to practice prior to the critical date is simply wrong.

c) The Business Plan Is Not a Complete Description Of The Invention

The Examiner now argues for the first time that the IAF Business Plan (DX2)<sup>11</sup> is a written description establishing that the invention was ready for patenting, relying upon an affidavit submitted in prior litigation by Prof. Balakrishnan. See *generally* Examiner’s Answer at 20-22, 26. However, the Business Plan does not contain a complete description of the invention in sufficient detail to permit one of ordinary skill to practice the invention. For example, as acknowledged by Prof. Balakrishnan (on whose testimony the Examiner relies), the Business Plan does not disclose the use of a *link message*. Direct Testimony Affidavit of Prof. Balakrishnan (“Balakrishnan Affidavit”), ¶¶60, 66 (pages 25, 27). According to the claimed invention, a link message is provided by a content provider to a user such that the user makes a request to an advertisement server to select an advertisement. Indeed, contrary to the Examiner’s reliance on the Balakrishnan Affidavit, the Business Plan does not state anywhere what mechanism would be used to cause the ad server to select an ad and supply the ad to the user.

While the Balakrishnan Affidavit at ¶65 (page 27) points to language in the Business Plan stating that an addition would be made to a content provider's HTML pages, the Business Plan provides no details as to what kind of addition(s) would need to be made and no details as to how the modifications would cause an ad to be selected and served. Prof. Balakrishnan ignores this lack of detail. Instead, he concludes that it is "clear" that "some type of special HTML code is inserted into the HTML pages" and that at the time the Business Plan was prepared an "image tag" was capable of being implemented to carry out the "functions described in the business plan." Balakrishnan Affidavit, ¶¶66-67 (pages 27-28). However, since the specific functions that are accomplished by the link message (as described in the '061 patent) are not described in the Business Plan, the conclusion reached by Prof. Balakrishnan (and relied upon by the Examiner) is unsupported.

In a tacit acknowledgement that the Business Plan does not sufficiently describe the invention, the Examiner attempts to "fill in" the missing details about a "link message" with other evidence – namely, evidence that Mr. Merriman tested use of an image tag. The Examiner contends that Mr. Merriman employed a link message prior to the critical date when he tested embedding an image tag, see Examiner's Answer at page 21 (citing Balakrishnan Affidavit page 25 and Merriman dep. at 44:9-45:19).

However, this argument is not well-founded. It is important to note that the recited image tag test by Mr. Merriman was not (and could not at that time have been) conducted with software that was being used for *targeted* ad serving. As explained previously, the minimal software needed for serving *targeted* ads was not completed until December 1995. Rather, this was simply a general test to see whether they could retrieve an object located on a different web server than a server having an HTML page with an image tag. Merriman dep. at 44:9-23. The test was not even specific as to whether the object was an ad or not. Merriman dep. at 45:9-15.

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<sup>11</sup> The Business Plan is also marked DX17, copies of which are attached to the Rule 132 declarations submitted by Messrs. Merriman and O'Connor.

Given that this test was not performed in connection with a test on serving ads, the Examiner does not explain how one would make a connection between (1) the description of the Business Plan – which lacks a description of a link message and how a link message would be used in conjunction with the ad serving process, and (2) the general test conducted by Mr. Merriman – which was not conducted as part of a targeted ad serving process.<sup>12</sup> The Examiner attempts to rely on the Balakrishnan Affidavit at page 28, but there Prof. Balakrishnan takes unreasonable liberty in describing the figure on page 7 of the Business Plan as showing that the “user’s browser (1) receives the ‘link message’ from the Web Site, and (2) passes the ‘link message’ to the Ad Server Process to initiate ad selection and delivery.” Balakrishnan Affidavit, ¶70 (page 28). However, the Business Plan (and particularly the figure on page 7) contains no such description. Instead, Prof. Balakrishnan improperly fills in the missing detail about the link message by borrowing from the claims themselves. Prof. Balakrishnan then uses this “fill-in” to support the remainder of his opinion as contained in ¶¶71-73 (pages 28-29), on which the Examiner also relies. As there is no basis for Prof. Balakrishnan’s “filling in,” the Business Plan cannot establish that the claimed invention was ready for patenting.<sup>13</sup>

Moreover, the Examiner’s assertion now that the IAF Business Plan shows the invention is ready for patenting is contradicted by the Examiner’s prior rejection of the very same Business Plan used to support evidence of prior conception by Applicants. In an Office Action response filed July 24, 2001, Applicants argued that they had conceived of the claimed invention before certain prior art references cited by the Examiner, and in support thereof submitted a Rule 131 Declaration by Mr. Merriman which was based on

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<sup>12</sup> While Mr. Merriman may have understood in his mind the potential for using an image tag in connection with a targeted ad serving process, a bare conception that has not been enabled is insufficient to establish that an invention is ready for patenting. *Space Systems/Loral, Inc. v. Lockheed Martin Corp.*, 271 F.3d 1076, 1080 (Fed. Cir. 2001). That the targeted ad serving system was still undergoing substantial development well past the critical date cuts strongly against the Examiner’s conclusion that the invention was ready for patenting. See *id.* at 1081

<sup>13</sup> Furthermore, the Examiner provides no legal support for the proposition that one can establish that an invention is ready for patenting by combining a partial description of the invention with a separate general test conducted on an aspect of the technology when such test is not specifically directed to the missing portion of the invention.

the Business Plan.<sup>14</sup> After reviewing the Business Plan, the Examiner rejected use of the Business Plan to show conception of the claimed invention, stating "The business plan relied upon fails to set forth, for example, all the characteristics relied upon for each node, nor does the business plan set forth the manner in which the links work as claimed ..." Office Action dated October 24, 2001 at page 4. The Examiner's prior conclusion that the Business Plan failed to adequately describe certain aspects of the claimed invention severely undercuts the Examiner's reliance on the very same Business Plan here to show that the claimed invention was ready for patenting.

d) Mr. Wharton's Testimony About When the Ad Server System Was Implemented Is Speculative

Finally, the Examiner relies upon testimony by Tom Wharton for support that a reduction to practice of the claimed invention took place prior to the critical date. Examiner's Answer at 24-25. Mr. Wharton met with Messrs. Merriman and O'Connor in Mr. O'Connor's basement in mid-December 1995, and observed a demonstration of the system. However, Mr. Wharton's testimony does not establish a date by which a targeted ad server had been allegedly reduced to practice. To the contrary, as demonstrated by his response to a question about whether IAN had a server up and running, the following exchange shows that he was simply guessing about the time frame:

[Mr. Wharton]: Yeah, from my impression, it had been up and running for some period of time.

Q: For how long?

[Mr. Wharton]: **Three to six months, I don't know. Three to six months, I'd say, yeah.** They had done a substantial amount of work on it in building the applications.

Wharton Dep. at 51:13-19 (emphasis added). As is plainly evident from Mr. Wharton's response, the "three to six months" time frame was nothing more than a guess, and he provided no specific facts to support his speculation about the time frame. Indeed, Mr.

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<sup>14</sup> The declaration was a copy of the Rule 131 Declaration that had been previously submitted to the PTO in 1998 during prosecution of the application leading to the '061 patent.

Wharton acknowledged that he had not reviewed any software code. Wharton dep. at 12-13. He also acknowledged that he had made an “*assumption*” based on what he saw to be developed; he had no recollection that Messrs. Merriman or O’Connor had said anything about how long the server had been up and running. Wharton dep. at 101:14-25. Further, he did not testify as to what state the ad server would have been in at the previous three-to-six month period (*i.e.*, no testimony about whether he believed that targeted ad serving had been around for that length of time).

In any event, Mr. Wharton’s speculation about when the system may have been developed cannot change the fact – discussed above (and in the Appeal Brief) – that the minimal amount of software necessary for serving targeted ads was not completed before early December 1995. Accordingly, the testimony by Mr. Wharton cannot establish that the invention was ready for patenting prior to the critical date.

### 3. Experimental Use Negates the On-Sale Bar

In the Appeal Brief, Applicants argued that the transaction that was the subject of the Attachmate Letter (and alleged to have occurred during the prior telephone call) was primarily for experimental purposes and that the invention remained under experimental development and testing well after the critical date. *See generally* Appeal Brief at pages 16-22. In presenting arguments that the transaction set forth in the Attachmate Letter was not for experimental purposes and that the Applicants’ system was not undergoing experimental usage, the Examiner has made key errors in legal analysis and several mistakes in the recitation of relevant facts. For at least the reasons that follow, each of these errors/mistakes severely undercuts to the Examiner’s argument.

#### a) Control: Participation By Third Parties In Testing Does Not Negate Experimental Use

The Examiner asserts that participation by third parties in testing conducted by Applicants means that Applicants did not retain control over the testing of their ad serving system and, therefore, such testing cannot qualify as experimental use. Examiner’s Answer at 28, 38-39. However, the participation or access by third parties to a device or system undergoing testing does not negate experimental use. Where, as here, a system normally involves interaction among third parties, it is natural to test that



system in the environment of its intended use in order to determine whether the invention will work for its intended purpose. As shown by the relevant case law, the fact that Applicants conducted tests that involved interaction of their ad serving system with third party users does not defeat experimental use.

Indeed, the Supreme Court has found experimental use under circumstances where members of the public had access to the invention. In one of the seminal cases on experimental use, *City of Elizabeth v. American Nicholson Pavement Co.*, 97 U.S. 126 (1877), the Supreme Court upheld a ruling of experimental use where an invention – a new pavement – was tested in public for six years. In *City of Elizabeth*, Nicholson constructed a new section of pavement on a public road leading out of Boston. The particular road where the new pavement was laid was well-traveled by the public: “most everybody went over it, rich and poor. It was a great thoroughfare out of Boston. It was frequently traveled by teams having a load of five or six tons, and some larger.” *Id.* at 143. Notwithstanding the prolonged and essentially unlimited exposure of the invention to the general public, the Supreme Court stated that under such public testing the inventor retains control and such testing of the invention does not lose its status as experimental use:

So long as he does not voluntarily allow others to make it and use it, and so long as it is not on sale for general use, he keeps the invention under his control, and does not lose his title to a patent.

It would not be necessary, in such a case, that the machine should be put up and used only in the inventor’s own shop or premises. He may have put it up and used in the premises of another, and the use may inure to the benefit of the owner of the establishment. Still, if used under the surveillance of the inventor, and for the purpose of enabling him to test the machine, and ascertain whether it will answer the purpose intended, ... it will still be a mere experimental use, and not a public use, within the meaning of the statute.

*Id.* at 135.

Other cases have similarly found experimental use when an invention was publicly tested even where there was opportunity for third parties to gain access to and use the invention. See *EZ Dock, Inc. v. Schafer Systems, Inc.*, 276 F.3d 1347 (Fed. Cir. 2002) (the patent owner provided evidence sufficient for a jury to find experimental use where the

inventor had sold and installed the invention (a dock) at a camp on the Mississippi River); *TP Labs., Inc., v. Professional Positioners, Inc.*, 724 F.2d 965, 972 (Fed. Cir. 1984) (orthodontic appliances installed for several patients).

Similarly, here the Applicants tested their invention in its intended environment, which included use with third party web sites and users who visited those sites. There are simply no facts showing that the testing of the ad server by Applicants with Attachmate or any that any other testing (including the beta test) was done in a manner where Applicants gave up “control” of their invention. The Applicants operated the ad server, controlled what test ads were run, when they were to be run, and how the tests were run. No third parties ever obtained control over Applicants ad server or the test process. Applicants never allowed another party to construct and operate an ad server implementing the invention. Applicants never lost “control” of their invention.

b) Experimental Use Does Not Require Changes to the Invention as a Result of Testing

The Examiner asserts that a lack of evidence that Applicants made changes to the ad server relating to the claimed invention as a result of the testing they conducted means that any testing was immaterial and was not experimental. Examiner’s Answer at 28, 42. However, the Examiner’s statement incorrectly assumes that experimental use *requires* the inventors to show that changes were made to the system being tested. To the contrary, the Supreme Court rejected such a requirement in *City of Elizabeth*, holding that use may be experimental even when the inventor does not find any changes necessary. *City of Elizabeth*, 97 U.S. at 135.

c) Experimental Use Does Not Require Communication of Experimental Purpose or Confidentiality

The Examiner asserts that experimental use does not apply because Applicants never communicated to Mr. Buckingham the experimental nature of the ad-serving system and did not obtain a confidentiality agreement. Examiner’s Answer at 28, 30, 33. However, while these are factors in the analysis of experimental use, they are not absolutely required in all cases. Rather, in some circumstances, the inventor need not communicate the experimental nature of the use or require a confidentiality agreement.

See *TP Labs.*, 724 F.2d at 972 (experimental use even though no confidentiality agreement, noting that in some circumstances it may be significant that no pledge of confidentiality was obtained). Indeed, in the *City of Elizabeth* case, there was no mention of any confidentiality agreement with the inventor, and no disclosure of the experimental nature of the pavement to the members of the public who used the road over the six-year period of testing.

d) The Attachmate Letter Discloses the Experimental Nature of the System and Required Confidentiality

The Examiner also incorrectly concludes that there was no communication of the experimental nature of the ad serving system to Mr. Buckingham. The Attachmate Letter itself plainly reveals the experimental nature of the system. As Mr. O'Connor wrote, "**We will be using IAF<sup>15</sup> as the *first test web site* for IAN.**" Attachmate Letter, page 1 (emphasis added). Furthermore, while the Examiner discounts the confidentiality provisions of the Attachmate Letter, the Examiner's position fails to appreciate that the obligation on Mr. Buckingham to maintain confidentiality about the agreement effectively kept the system itself confidential. The Attachmate Letter was the only tangible item that Mr. Buckingham was provided about the system. Mr. Buckingham was not given a copy of the ad serving system to test; rather, the only thing Attachmate had to do was to supply IAN with one or more ads that IAN was to use as part of the test. Since the obligation stated in the letter to keep the agreement confidential meant keeping its terms (including the third party ad serving) confidential, this effectively precluded Attachmate from disclosing information about the ad server.

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<sup>15</sup> IAF refers to Internet Address Finder, an adjunct Internet service that the inventors were going to launch. As described in the Attachmate Letter, IAF was an Internet "white pages" service, and the inventors intended to use IAF as the test web site by hard-coding ads into the IAF web site pages, and then tracking user responses to determine an appropriate targeting profile to be used for serving targeted ads in the future, when the targeting software would be completed. Attachmate Letter at page 1.

e) The Examiner Incorrectly Concludes That Testing Of The Ad Serving System Was Not Necessary

In the Appeal Brief, Applicants explained the need to conduct testing of the ad serving system. Rejecting the facts cited by Applicants, the Examiner asserts that there was no need to test the invention, relying primarily on the mistaken conclusion that the targeted ad server had been reduced to practice prior to the critical date. See *generally* Examiner's Answer at 35-38. The Examiner specifically points to an admission about a functioning prototype, *id.* at 35, the mock ad reports, *id.* at 36 and the testimony of Mr. Wharton. *Id.* However, as discussed more fully above in the section on ready for patenting, the invention was not reduced to practice prior to the critical date, and none of the items cited by the Examiner shows otherwise:

- the "prototype" mentioned in the September 1995 memo could not have included software capable of serving targeted ads, since the minimal software needed to serve targeted ads was not finished until December 1995;
- the mock ad reports were prepared to show prospective advertisers the types of reports that might be prepared, and did not represent results of any ads actually served;
- Mr. Wharton was not told that the targeting software for the ad server had been functioning for any given period of time, so he was speculating as to how long the software had been up and running.

In addition, the Examiner disputes the need for testing because the Examiner again concluded – incorrectly – that targeted ads were served back in October 1995. As set forth above, the evidence established that the minimal software needed to run the targeted ad server was not completed before December 1995. Yet, the Examiner questions the declarations by Messrs. Merriman and O'Connor about when targeted ads were served because, according to the Examiner, the inventors were not as "definite" in their answers at their deposition. Examiner's Answer at 38. However, the Examiner fails to recognize that at their depositions, the Applicants were not provided with certain documents, such as Exhs. C, E, F to the Merriman Rule 132 Declaration, which Mr. Merriman relied upon in support of his declaration.

The Examiner also states that the inventors did not “positively refute” that their system served targeted ads in October of 1995, but they only stated that the mock reports were hand generated. Examiner’s Answer at 37. However, contrary to the Examiner’s position, they did refute that any targeted ads were served in October of 1995:

- Mr. Merriman *had not completed the minimal amount of code necessary for the ad server to serve a targeted third-party ad over the Internet **until December 1995***. Merriman Rule 132 Declaration, ¶¶36-38.
- The *first targeted ads were served in December 1995*. Merriman Rule 132 Declaration, ¶¶39-40.

Unquestionably, since the minimal ad serving software necessary for serving targeted ads was not completed until December 1995, and the first targeted ads were not served until December 1995, it stands to reason that they could *not* have served targeted ads in October 1995.

f) The Examiner Incorrectly Asserts That Tests Were Not Related to the Claimed Invention

Finally, the Examiner asserts that the testing done was not related to the invention as claimed, focusing specifically on stress tests and tests for quickness that, according to the Examiner, were mere “optimizations” of the system. Examiner’s Answer at 38. However, the Examiner ignores evidence of testing done prior to the beta test which was planned to test targeting and frequency controls. See DX 23 (e-mail dated Jan. 14, 1996). Both of these are directly related to features recited in the claims. Furthermore, the Examiner’s position is contrary to case law that permits an inventor to test qualities not specifically recited in the claims, like durability of an invention, to determine whether the invention will work for its intended purpose in its intended environment. See *City of Elizabeth*, 97 U.S. at 133 (pavement constructed to ascertain durability and liability to decay under use in its environment); *EZ Dock*, 276 F.3d at 1353 (testing docks for ability to endure different kinds of water conditions, including turbulent conditions); *Manville Sales Corp. v. Paramount Systems, Inc.*, 917 F.2d 544, 550 (Fed. Cir. 1990) (inventor permitted to test invention in cold environment in which it was designed to operate).

Likewise, the stress tests and quickness tests performed on the ad serving system here were performed to assist the inventors in determining whether their ad-serving system would operate in the real-world environment – the Internet – in which their invention was intended to operate for the intended purpose of serving ads to third party web sites.

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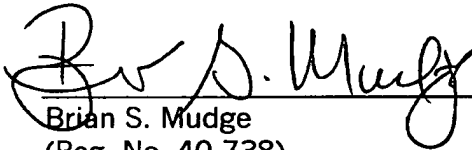
In sum, for the reasons stated above and in the Appeal Brief, Applicants respectfully submit that the events prior to the critical date do not trigger the on-sale bar under §102(b) and, therefore, request that this rejection be overruled.

**CONCLUSION**

Applicants respectfully submit that, for the reasons stated above and in the Appeal Brief, claims 1-57 are allowable and request reversal of all of the rejections.

Respectfully submitted,

Date: April 12, 2004

  
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